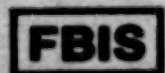


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24 July 1979

West Europe Report

No. 1447



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No. 1447

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EUROPEAN COMMUNITY WANTS TO MAKE ITSELF HEARD

EC Is Omnipresent

Brussels LE SOIR in French 20 Jun 79 pp 1, 3

[Article by F. D. B.: "Whether Active or Powerless, Europe Wants To Make Itself Heard"]

[Text] Europe on the move, imperious Europe, impotent Europe: The European (Economic) Community is now omnipresent. Is it therefore effective? Many things are said about Europe, but what are the facts? Whether it be about the purchase of armored vehicles by the Belgian Government, our franc, the Near East, where things are being negotiated without it, or even about oil, most of which is out of its grasp, Europe has spoken: today in Luxembourg and Paris, tomorrow in Brussels or Strasbourg and perhaps in Tokyo on the occasion of the Western "summit conference." Unfortunately, it has not always spoken with a single voice, but the new element is that henceforth, the governments of the EEC can no longer ignore it. Europe counts.

Upon leaving the Elysee Palace, where he was received by President Giscard d'Estaing, Belgian Prime Minister Wilfried Martens stated that his government had not yet made any decision on the purchase of armored military vehicles. Compared with the American M 113, which was thought to have been chosen and which is the one favored by National Defense, at any rate, the French VAB therefore has every chance -- in principle -- for while there is nothing official, the French president reportedly asked his visitor to think about the political and European consequences of what would thereby become "the armored vehicle affair." On the eve of the Strasbourg Council and following the direct election for the European Parliament, who would understand that the "right choice" is not European?

Giscard d'Estaing and Martens spoke of the economy and energy, while in Luxembourg, their ministers discussed the same questions. What about the Belgian franc? It was harshly judged by the Nine. Our minister of finance made a report. Germany had to explain some of its "destabilizing" subsidies." One of the reasons given for the weakness of the franc is the Belgian Government's proposal to reduce the work week to 36 hours. The

traditional management-trade union concertation was therefore abruptly expanded. What meddling! In truth, membership in the European monetary system does constitute an abandonment of sovereignty because currency is the expression of economic, budgetary and social policies.

Europe is much less triumphant in the field of energy. Its hesitations are but the revelation of its profound divisions, divisions which this time go right to the heart of the matter: Since the 1973-1974 oil crisis, the European Community has not chosen its camp. Torn between an "independent" France that is closer to the Arab world and more willful with respect to its oil policy and a Germany sympathetic to the NATO alliance and confident in the virtues of the market, even if in this case, it is dominated by the big American companies, Europe has not been able to obtain a clear idea of its long-term interests.

Its wishes, as shown by the Energy Council, are hazy and contradictory. British oil, Dutch gas and German liberalism paralyze the Community: Nothing will be done without the consent of the United States and the lone rider, the low blows of Washington during the current crisis, are not mentioned.

Then suddenly, Europe regains its voice -- at the Foreign Affairs Council in Paris -- to condemn anything "that is not an overall settlement" of the situation in the Near East and denounce "the policy of Israeli settlement" in certain territories. This time, American policy is quite ignored. What is more, it is openly criticized.

Finally, there is the Europe of impotence and speeches, a Europe that expresses its emotions in the face of the tragedy of the Vietnamese refugees, that demands the calling of an international conference to find a solution to the problem. A conference? Does humanistic Europe have nothing better to supply than wornout formulas? It has entered current events and almost penetrated daily life -- not by force in fact. It still has to go down in history: by innovating.

Free Oil Market Control

Brussels LE SOIR in French 20 Jun 79 p 3

[Article by Patricia-M. Colmant: "The Nine 'Would Like' To Control the Free Oil Markets"]

[Text] Luxembourg, 18 Jun--Purchases of oil products on the free markets of Rotterdam or Geneva, made at prices higher than the average consumer prices in the EEC, should henceforth be declared by the companies. In this way, the Nine, which made this decision in Luxembourg on Monday, hope to reduce the prices on these markets, prices that are artificially inflated.

For their part, Finance officials have reviewed the monetary situation and the operation of the European monetary system (SME). Belgian Minister Geens

presented all the measures taken by Belgium to support the franc, which has recovered slightly. Financial circles emphasize that the measures planned by the SME are effective.

In Luxembourg on Monday, the nine Energy ministers studied the proposals presented by the EEC Commission and France in order to meet the crisis. Paris, which is now heading up the European meetings, presented a memorandum to its partners in which it asked them to reduce oil imports and see that the growth of the economy is not directly linked to the use of oil, set limits for their oil imports in the future, and emphasize other sources of energy such as coal and nuclear power.

Actually, the contents of the French memorandum are related to the proposals already made by the European Commission. For example, it recently sent the Council a document in which it asks the Nine to limit their oil imports between now and 1990 to the 1978 level -- that is, 470 million tons. It also preaches increased use of coal and nuclear power so that by 1990, these two sources will cover 75 percent of the EEC's production of electricity.

All the Nine are in agreement on increasing their efforts to reduce energy consumption. Positive results in this area would enable them to take up a dialog with oil-producing countries in a stronger position.

On the other hand, the Nine were very cold concerning the French proposals "to ban oil imports whose prices are abnormally high." The Germans and British are completely hostile to the proposal and only Belgium supported the proposals of Minister Andre Giraud. Nevertheless, it was agreed that at the economic summit conference in Tokyo on 28 and 29 June, the other major energy users should be approached about the possibility of taking measures to ensure real transparency of the oil market. It would be a matter of ensuring that everyone limit speculative oil transactions.

The Nine drew up the elements that should be contained in a model record of declarations of transactions. The oil companies would then be obliged to inform governments in detail about all their purchases of crude oil and refined products and their Community transactions. Nevertheless, since the record will be submitted for the opinion of the Americans, the Japanese and the Canadians at the end of the month, some persons are pessimistic about its future. Willy Claes, Belgian minister of economic affairs, expressed his disappointment about the European toying: "We shall confine ourselves to observing that the situation is difficult, without taking any measures. That is unfortunate," he said.

This matter will be brought up again by the heads of state and government of the Nine on Thursday or Friday when they have their quarterly meeting in Strasbourg. The meeting will also make it possible to prepare for the Tokyo summit conference, where only the four "big powers" in the EEC and the European Commission will be present. Furthermore, they will have to outline a coherent position on the oil producers, who are meeting on 26 June, and plan for the meeting of an EEC delegation and OPEC on 30 June.

Franc

For their part, the ministers of finance from the Nine had a long discussion on the operation of the European monetary system (SME). The weakness of the Belgian franc and the Danish crown was the center of debate. Our franc was actually the object of the first application of measures to be taken when a currency deviates more than 1.75 percent from its pivotal rate. Monetary experts emphasize that the monetary policy followed by the government has made it possible to halt the decline of the franc. Diplomatic sources add that the weakness is not truly justified, but that it can be explained by three main reasons: the budgetary deficit, which rose from 7 percent in 1978 to 9 percent in 1979; the governmental proposal to reduce the work week to 36 hours, which gave rise to fear concerning production costs in the future; and the value of the franc vis-a-vis foreign currency (it was overestimated).

The Nine seem determined to pursue and broaden contacts and the exchanges of information that are needed to ensure smooth operation of the SME.

No Decision on Armored Vehicles

Brussels LE SOIR In French 20 Jun 79 p 3

[Article by Jacques Cordy: "Martens in Paris: No Decision on U.S. Armored Vehicles Yet"]

[Text] Paris, 18 Jun--"There has not yet been any decision by the Belgian Government concerning the purchase of armored vehicles from the United States rather than France.

"The Belgian Government has taken time to reflect due to domestic policy reasons. The documents have yet to be submitted. I must have the time to study them," said Prime Minister Martens on Monday, as he left the Elysee Palace where he had had lunch with President Giscard d'Estaing and French Prime Minister Barre.

"We mainly spoke at length about preparations for the European Council on Thursday and Friday in Strasbourg," he added, indicating that Europe would have to adopt a new energy policy. "That is the question that dominates everything," he said and, speaking about the free oil market in Rotterdam, he said that he thought the European Council would perhaps be forced to "take measures."

Can one regulate that market, which distorts all data on oil supplies from both the European and American points of view? Martens did not specify what kind of measures would have to be taken, but he hinted that he, like his hosts at the Elysee Palace, without a doubt, would favor a true EEC plan on the subject.

Other problems were reviewed in the course of the luncheon, including the operation of the European monetary system within which it recently became necessary to take measures to consolidate the Belgian franc. On this subject, Martens emphasized, while smiling, that during his recent visit to Bonn, he had not been "reprimanded" by Chancellor Schmidt, as the RTBF [Belgian-French Radio and Television Broadcasting Systems] had reported. In Bonn and Paris, Martens explained the way in which the Belgian Government intended to defend the franc and "nothing else." It was not a matter of enduring criticisms for the standing of our national currency.

35-Hour Work Week

Finally, Martens brought up the "Belgian proposal of the 35-hour work week." "They were astonished," he said. "The only thing noted here in Paris and elsewhere is the reduction in the number of hours worked, when the overall problem as seen in Belgium is much more complex."

He then proceeded, as he had done at the Elysee Palace -- where the cuisine is "excellent" -- to explain the "true contents" of this proposal, which can be divided into four very precise points: 1) the "technical" reduction in the time worked; 2) the moderation of wages; 3) the additional hiring of labor in enterprises; and 4) the reduction in social charges for the latter. It is all to be made possible by a three-way partnership of management, the trade unions and the government.

Martens thus gave this matter of the 35-hour work week, "as seen by the Belgians," its true dimensions, after mentioning the problems of Belgian productivity and the great question mark posed by the indispensable reform of Social Security, saying: "Everything depends on agreement between social partners. Now then, in our country, that partnership has been broken down for 3 or 4 years. It must be repaired. That is the ambition of the government and it will not be achieved without difficulty."

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CSO: 3100

PCB, DKP DISCUSS EUROPEAN PARLIAMENT ROLE

Brussels LE DRAPEAU ROUGE in French 26/27 May 79 p 7

[Article: "The DKP, the PCB and the Role of the Future European Parliament"]

[Text] A meeting of leaders of the West German Communist Party (DKP) and of the Communist Party of Belgium (PCB) took place in Brussels on 21 May. Taking part in the talks were, for the DKP, Werner Cieslak and Irmgard Bobrzik, and for the PCB, Albert De Coninck and Jan Debrouwere.

The two parties consider the elections coming on 10 June to be an important occasion in the workers' and popular struggles against the attempts by big capital and the multinational monopolies to make the working population bear the consequences of the crisis.

This is the reason why they are working in favor of concrete initiatives to safeguard and expand employment and to broaden social and democratic rights in the countries of the European Community, against a Europe of the monopolies and for a Europe of the workers.

They support the actions of the workers' organizations on the national and European levels for reduction of the work week, defense and strengthening of buying power, improvement of social and cultural infrastructures, equality of women's rights in all areas, and protection of the environment.

The two parties declare in favor of an energy policy not dictated by the interests of the monopolies and the military powers but corresponding to the hopes and aspirations of the popular masses.

The DKP and the PCB attach very special importance to the struggle against the Davignon plan, which wants to deprive tens of thousands of workers in the steel sector of their jobs, in countries which include the FRG and Belgium. They are of the opinion that in this sector also, establishment of democratic control over the big national and multinational monopolies is a necessity. A stronger presence of the democratic and progressive forces in the European Parliament, and especially a strengthening of the Communist presence, can constitute a contribution to achievement of this democratic control.

The two parties express their full agreement with the struggle against the resurgence of neo-Nazism, and against the authoritarian tendencies and measures which have gone as far as the occupational prohibitions enforced in the FRG and in other countries of Western Europe. They reject all war-crimes limitations. Furthermore, these are backed in an ambiguous way by the European Popular Party, in which personalities of the European right such as F.J. Strauss and Leo Tindemans play a leading role.

Disarmament and Peace in Europe

It is important to ensure the maintenance of peace on our continent. For the democratic and progressive forces of the countries of Western Europe, it is important to oppose all the attempts by the Atlantic and European reactionary elements inside and outside NATO who are pressing for development of the armaments race and for production and stockpiling of the neutron bomb, as well as their resistance to the constructive proposals made by the Soviet Union and the other socialist countries, who are also seeking, for this purpose, the support of the present leaders in Peking. These same forces are encouraging Peking's expansionist policy, which is threatening the peace in Southeast Asia and on a world-wide scale.

The DKP and the PCB also stress the importance of the Vienna negotiations on reductions of armaments in central Europe, which would constitute a first step toward the simultaneous dissolution of military alliances on our continent. They insist that the negotiations lead rapidly to positive conclusions.

A New International Division of Labor

The two countries declare in favor of democratic relations between the member countries of the European Community and the socialist countries, as well as the young national states of Africa, Asia and Latin America, on the basis of solidarity, equality and mutual advantage.

The problem of the supply of raw materials and energy requires solutions within the framework of an international division of labor, liberated from imperialism and neocolonialism.

It is also in this perspective that the DKP and the PCB want to contribute to cooperation by all the democratic and progressive forces of the countries of the European Community, so that the future European parliament will become not an instrument for strengthening the crisis policy of the monopolies, according to the plan of the reactionary forces, but rather an instrument for democratic control of the institutions of the EEC and a tribune for the forces of labor, peace and progress.

PCB, PCE DISCUSS COOPERATION OF WEST EUROPEAN CP'S

Brussels LE DRAPEAU ROUGE in French 31 May 79 p 3

[Article: "PCE-PCB Exchange of Views in Brussels--Developing Cooperation by the CP's of Western Europe"]

[Text] A delegation from the Communist Party of Belgium (PCB) met with a delegation from the Communist Party of Spain (PCE) in Brussels on 28 May. The PCE was represented by Jaime Ballesteros, member of the Executive Committee and of the Secretariat, Jose Garcia Meseguer, member of the Executive Committee, and Angel Enciso, PCE official for the Benelux. The PCB's delegation included Louis Van Geyt, president of the party, Albert De Coninck, national secretary, Jean Blume, member of the Political Bureau, and Susa Nudelhole and Paul Van Praag, members of the Central Committee.

The two delegations carried out a very extensive exchange of views on the economic and political situation in their respective countries and on the great international questions which command the attention of public opinion and are of concern to the workers' and democratic movement devoted to the cause of peace and social progress.

The PCE's delegation informed its interlocutors about the economic and political situation in Spain, the advance by the progressive forces in the recent communal elections, the criminal escalation of terrorism, which constitutes a frontal attack against democracy, and the position of the PCE and of all the democratic forces favorable to Spain's membership of the European Community. It recalled the PCE's attitude in favor of maintenance of Spain's neutrality and hostile to its entry into NATO.

The PCB's delegation, for its part, presented the problems raised by the economic and political crisis in Belgium. It reviewed the PCB's main orientations for giving this crisis a positive outcome, placing them in the framework of its participation in the European elections of 10 June.

As regards Spain's application, the PCB's delegation stated clearly its position in favor of enlargement of the European Community under conditions which safeguard the democratic and social achievements of the member countries and extension of them to the applicant countries.

The two delegations stressed their desire to see recognition of the social and political rights of all the immigrant workers and their right to equality of pay and to democratic status for the migrant worker in each country and at the European level. In this regard, the PCB mentioned its demand that the immigrant workers be given the right to vote in the communal elections, starting in 1982.

The two delegations found themselves in full agreement to intensify their efforts to consolidate the achievements of detente, to put a halt to the armaments race, and to curb the policy of the blocs.

The two delegations noted the convergence of their own points of view, worked out on the basis of analysis of the conditions in which the action of their parties takes place, with those of other Communist Parties of Western Europe, as regards the means for transformation of society in a democratic and socialist perspective corresponding to the conditions that prevail in this region of the world. According to these points of view, the creation of broad alliances of the forces of labor and progress for the development of democracy, human rights and liberties, consolidation and improvement of the social and political achievements of the workers, by far-reaching structural reforms of the economy and the state institutions, constitute the main axis of the struggle for a transformation of society in a direction corresponding to the popular needs and aspirations, in the face of the present crisis.

Success in this task implies, on the part of the Communist Parties, research on and constant development of the ideas of socialism in function of the new situations and profound changes that occur daily in each country and in international relations.

With respect for the independence of each party and of each country, the two delegations reaffirm their solidarity with all the democratic and anti-imperialist forces, all the forces that are building socialism, those that are struggling to make a democratic alternative to the power of the big monopolies prevail and that support the cause of the liberation of peoples throughout the world.

The two delegations are favorable to initiatives by the Communist Parties and the progressive and democratic forces of the countries of Western Europe with a view to developing their cooperation in this part of the world.

It is in this spirit that the delegations of the PCE and of the PCB have agreed to continue their mutual exchange of information and their fraternal cooperation, rooted in the history of the two parties.

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CSO: 3100

SOCIALIST LEFT STRATEGY IN CENTER-RIGHT EUROPEAN PARLIAMENT

Paris MAINTENANT in French 11 Jun 79 p 7

[Interview with Socialist Party Steering Committee member Jacques Delor;
date and place not given]

[Text] [Question] What can one expect and what do you expect of a European Assembly whose center of gravity is most likely to be the center-right?

[Answer] One cannot view the political "center of gravity" in the European Assembly in same way that one does within a national parliament. First of all, the notions of "majority" and "opposition" do not apply. There is no European government to support or overthrow. Consequently, the political groups have greater autonomy, provided that they share a political will and realistic objectives. Only the socialist group fulfills these conditions, whatever the particular features of each party.

This will not be the case of the other elected French officials, who will either be isolated, as in the case of the communists or the supporters of Chirac, or split up into several groups, as in the case of those elected from the official list -- I mean the list headed by Simone Veil. Their influence will therefore be either negative or nonexistent.

[Question] Do you believe that any action, even if from the minority left, can develop in the Assembly? On the basis of cooperation between social democrats and the Eurocommunists? In this area, will the French Socialist Party be able to play a role of active mediation between the two factions?

[Answer] Even a minority action on the part of the left will be able to develop in this Assembly. The socialist group will be the largest one and the only one to have representatives from all countries in the EEC, the only one to be able to formulate concrete proposals that will be adopted and supported by all the Socialist and Social Democratic parties in the Community. These proposals bear witness to important points of agreement for modifying the content of the EEC, by applying the entire Rome Treaty, in a direction favorable to workers. As is already apparent through the

positions of the Italian Communist Party, they will be backed by almost all of the people's forces in the EEC. There is no doubt that within this framework, the close contacts already existing for a long time between the Socialist Party and the Eurocommunist parties will facilitate dialog and make it possible to develop these proposals.

[Question] On the contrary, are you not afraid to find yourselves alone in the face of certain circumstantial alliances between certain Social Democratic parties and the center or the right?

[Answer] That is not a realistic possibility. The socialists, like the social democrats, will not go into the European Assembly in order to follow just any policies, but rather, in order to defend and, we hope, gain the adoption of measures that they recommend and have pledged to support. If free voting continues to exist within the socialist group in order to safeguard the vital interests of a country or a party, it is just as true, if one looks back on experience, that the possibility will be employed only in a precise number of cases, particularly when national interests are divergent. And still, the socialists are all proposing a certain number of measures -- for example, aimed at reforming the common agricultural policy -- which, if they are applied, would reduce these divergencies, to the benefit of both producers and consumers, defend small farming operations and develop Europe's agricultural potential in the face of American imperialism, which wants all "food power" for itself.

But essentially, the socialist group will vote as a single bloc. How could it be otherwise? Each of our parties, in its own country, represents the left and contrary to what Mrs Veil and her friends would like people to believe, there is as much difference between positions for building a Europe of the left, a Europe in the service of the workers, as there is between a France of the left and a France of the right, the one now in power.

For those who are not yet convinced, it suffices to refer to the important work that the Socialist parties have done in common for the past year, comparing their analyses and their proposals on all fundamental problems of the future (employment, citizens' rights, women's advancement, economic democracy, the challenge of science, the new world economic order, the role of Europe for peace, and so on). They have concealed none of their divergencies or points of agreement, abiding by the legitimate interests of each country, the different conceptions of ways and means of reaching socialism, the goals obtained or not obtained by socialist experiments. All the socialists have agreed on a course of action that they hope to follow by means of political action within the European Assembly and its current powers, by the means of the social struggle, in close cooperation with the trade union organizations.

[Question] Does the fact that you are now in the European Assembly in this position not risk hindering your strategy of leftist unity in France? Especially if the shifts of part of the socialist electorate in France toward

center-left solutions -- shifts that recent surveys seem to indicate -- do take place in the coming months?

[Answer] There is no ambiguity in the position of the Socialist Party. The Socialist Party is for European construction and a leftist Europe. It notes with regret that after having betrayed the interests of the workers in France in 1978, the Communist Party is in the process of doing the same thing on the European level: Its accumulation of criticisms joined with its lack of proposals, its blaming of Europe for all the difficulties our country now faces (while forgetting, not by accident, the responsibilities of the governments in power in France for the last 20 years) actually reveal the isolation of the French Communist Party. The French Communist Party will be alone in practicing this form of negative demagogy and it knows it. Its traditional allies, whether they be parties of the French left or responsible Communist parties in Europe, refuse to back its policies. Under such conditions, the Socialist Party will be alone in defending the interests of the workers and the people's forces, in France and in Europe. It knows that once again it is waging the right fight, opposing the right, and that it will be heard by those whose claims it supports.

It also knows that it is the target of all the attacks of the communists and the rightists because it upsets a classic ploy in which the conservatives can pit their ambitions against one another and fight over power without any risk because the left is not united because of the communists. The essential question must be asked of the latter? Do they prefer the soft comfort of a demagogic but ineffective opposition to a difficult fight to overturn the ratio of forces, nourish the hopes of our people and bring back the chances of socialism in our country...and Europe? Whether you like it or not, the success of the second path depends on a powerful Socialist Party, which will rally to itself -- and therefore, to the left -- an increasing number of French people.

11,464
CSO: 3100

GENERAL CLOSE CONSIDERS SALT II LEAVES EUROPE VULNERABLE

Paris L'AUREOLE in French 20 Jun 79 p 6 LD

[Unattributed report: "The Vienna Agreement Will Lead to Imbalance"]

[Text] "The SALT II agreement is an incomplete agreement inasmuch as it does not take into account means of civil defense. Therefore it is an unbalanced agreement."

This assessment of the situation was made yesterday by Gen Robert Close, Belgian Emergency Plans Commission chairman, on Radio France-Inter's "The Telephone Rings" program.

In fact, according to Close, the theoretical U.S.-Soviet nuclear parity is invalidated by civil defense, a sphere in which the Soviets are much more advanced than the Americans.

"In fact," he emphasized, "as far as risks entailed by nuclear warfare waged with means determined in the SALT II agreement are concerned, the United States would suffer four times more damage than the USSR."

This is due to the fact that for several years the USSR has pursued an intensive policy of building antinuclear shelters and underground plants.

Furthermore, General Close added, it must be recognized that if the objective of the SALT II agreement is to insure detente between blocs, this objective cannot be achieved at present. In fact, a nuclear balance does not rule out an imbalance in other spheres. "For instance, imbalance between conventional forces continues and increases year after year in the Soviet Union's favor."

Position of Inferiority

There has been a precedent for a war situation in which arms deemed too devastating would not be used--in 1939 war gas was used by neither side but this prevented neither the war itself nor the death of millions of people.

"Therefore, it is perfectly conceivable to see a conflict break out in Europe during which only conventional arms would be used, and in that sphere Russia enjoys overwhelming superiority."

Therefore, under the circumstances, the West's position is tragically simple--if the USSR launches a conventional attack against Europe, the European conventional forces will find themselves in a state of inferiority. If the conflict were to take the form of nuclear warfare at the European level, the Soviet SS-20 missiles could vitrify 2,000 European sites without NATO being able to hit any point on Soviet territory. And, if the United States were to intervene, it would find itself in a position of inferiority of one to four as a result of the SALT II agreement.

In short, General Close believes that only the neutron bomb can restore a balance between "conventional" forces at the European level, which remains the only guarantee of peace.

CSO: 3100

ITALIAN JOURNAL COMMENTS ON SALT II, MFBR, DETENTE

Milan IL BORGHESE in Italian 20 May 79 pp 150-152

[Article by Adriano Bolzoni: "After the Russian-American Agreement—Will 200,000 Hostages Save Us?"]

[Text] Everything permits one to believe that after having concluded with the United States the SALT 1 treaty on limitation of strategic nuclear weapons, Leonid Brezhnev will sign the SALT 2 agreements also, in mid-June. It is rather improbable that the Kremlin's "Number One" can also be in on the contracting of SALT 3, which is already being talked about. His health outlook does not augur it.

Brezhnev has been in power for a long time. He has been at the head of the Soviet Union for more than 15 years; so far he has governed solidly, and longer than any other Soviet chief except for dear old Stalin. It is therefore permissible, as Hal Sonnenfeldt, who was Kissinger's assistant adviser, declares, to speak of a "Brezhnev era." This "era" is characterized by a singular distinction: during its course, the theoretical "detente" went hand in hand with the greater phenomenon of rearmament by the USSR. Throughout this period, Brezhnev's philosophy took command. This philosophy is the product of an absolute conviction: no one, neither the United States nor anyone else, can prevent "detente" from going hand in hand with gradual expansion of Moscow's influence or power in the world. And what is more, only in this way, from the Soviet point of view, is "detente" to be judged correct or realistic.

Soviet military intervention in Western Europe? A preventive, lightning war against China? Direct and in-depth action in the Middle East? Military expansion in Africa led by the Red Army in the flesh? Leonid Brezhnev graciously bequeaths all this to his successors. The solution of the endemic internal problems will be up to them also: keeping the satellite countries in check, coping with the continual economic reverses, making good the damage from the progressive impoverishment, continuing to import grain to feed those (people and animals) who live in the USSR, filling the void between the sharp divisions, finding credits and aid, and especially, keeping the "floods" of submerged Russia from rising to the surface.

However, Brezhnev leaves something truly great to his heirs: a superpowerful Red Army. During the period of "detente," the armed forces of the USSR have been strengthened and modernized at a dizzying pace. The imbalance between these forces and those of the free world is now immense. Those who maintain, and demonstrate, that the agreement relating to SALT 2 will only serve to put a seal of approval on the Soviet strategic superiority are telling the truth. It should be frankly recognized that during these years of "detente," the USSR's military power has grown far beyond that of the West, and really devastatingly beyond that of Western Europe. "There is a dominant impression: the subject of the Soviet threat is taboo," wrote Jean-Francois Revel; "not the least of the Soviet Union's successes in the last decade is that of having imposed on Western Europe the dogma of its 'desire for peace.' Faith in this dogma is shaken by a false note from time to time: the USSR's military power has become enormous. In order to reconcile this disagreeable and 'reactionary' observation with the postulate of their unalterable desire for peace, the Soviets have concocted a sovereign tranquilizer: explaining their expansionism and their militarization by an 'inferiority complex' and a 'fear of encirclement.' The conquest of Africa, the domination of Afghanistan, the sending of Cuban or GDR mercenaries, the omnipresence of the Soviet Navy on and under all the oceans—all these are supposed to be manifestations of psychotherapy. The Soviets are supposed to need this martial restorative in order to find tranquility."

Now, only a Socialist imbecile such as Herbert Wehner, chairman of his party's group in the Bundestag, could declare that the Red Army has a purely defensive character. It is hard to determine where the blindness of Wehner, who is probably a Soviet agent, ends and his bad faith begins. The facts are clear: as regards, equipment, materials and strategic plans, the Soviet armed forces including the Soviet fleet, are "built" for an offensive war.

In his book "The Third World War: August 1985," the English general Sir John Hackett, former commander of the NATO Northern Armies group, tries to tell how the invasion of Western Europe by the USSR and the Warsaw Pact forces can come about. According to NEWSWEEK, his book has been read and studied with anxious interest in all the military circles of the Atlantic Alliance "and has impressed Jimmy Carter, who keeps it prominently on his table in the White House."

General Hackett's book-bound war has a comforting happy ending, with "our side" riding in: the forces of NATO manage to win the day. But if we are to believe what the great American weekly says, the happy ending was not just suggested but forced on the English general by the British military authorities, because "the original narrative, with the annihilation of the Western armies described, would have had disastrous psychological effects."

Three years ago, another NATO general, the Belgian Robert Close, also wrote a book with the laconically ruinous title "Europe Defenseless." In brief summary: the Warsaw Pact forces, backed by the Red Army, make a surprise attack, reach the Rhine in 48 hours, and inflict an irremediable defeat on NATO.

Let us put aside the books by the Cassandras in uniform, even though they should be studied and meditated as they deserve, and let us look at the figures. The imbalance between NATO and the Warsaw Pact is impressive. In the 10-year period 1968-1978, as regards just the Soviet conventional forces massed in Eastern Europe, the number of combat tanks has gone up by 40 percent; artillery of all calibers, 50 percent; tactical airplanes, 20 percent; and armored troop-transport and assault vehicles, a full 70 percent. The latest figures from the International Institute of Strategic Studies of London for the Northern and Central European sector are as follows: 7,000 tanks and 2,350 combat planes in the NATO camp; 21,000 tanks and more than 4,000 combat planes in the Warsaw Pact camp. In the Southern sector the imbalance is less unfavorable, but still ruinous: 4,300 tanks and 940 combat planes in the NATO camp; 6,800 tanks and 1,645 combat planes in the opposing camp. In certain specific areas, the tank ratio is 5 to 1 against the West.

Even 2 years ago, at the NATO summit meeting in London, Jimmy Carter, just recently elected, declared (I quote from memory): "The conventional forces of the Warsaw Pact are far larger than what would be necessary for simple defense purposes. And they are growing constantly." They have never ceased to grow. Not only that, but the armored masses of the USSR and of the armies of the Communist satellite countries are designed and structured to burst into and spread through Europe in a few days, "and not after months-long engagements, as NATO's plans postulated until a short time ago." The USSR's 36 divisions stationed on the front line in Europe, armored and motorized, are ready to go into battle on 4 hours' alert, and have ammunition for 40 days and fuel for 60 days. The situation is as summed up by General Alexander Haig, NATO supreme commander in Europe, whose decision to resign because of conflicts with the White House have not failed to make an impression on America's military and political circles. "The progressive increase in the mobility, combat capability and firepower of the Warsaw Pact's divisions give them the possibility of launching an attack without the bringing up of reserves and the anticipatory movements that traditionally serve as alarm signals."

Analyzing the situation, Col Graham Vernon, American military attache in Moscow from 1975 to 1977 and considered one of the clearest heads in the Pentagon, has written: "The weakness of NATO, the content of the Soviet military essays and studies, in which emphasis is always placed on offense, the fact that the Russian military establishment is pampered by the party--everything permits one to believe that Moscow's general staff has reached a very high level of certainty of winning a war against NATO." The Soviet missile arrangements also, with the deployment of the medium-range SS-20 types, each armed with three independent nuclear warheads, mounted on mobile platforms and thus easy to hide, are more than disturbing. Add to this the Backfire, a supersonic bomber capable of "covering," with its range, the entire land and sea area of Europe, and the picture appears even darker. The two systems, SS-20 missiles and Backfire bombers, are capable of hitting NATO's depots, the nuclear missile stores, and the air bases "with surgical precision." The idea that an eventual attack by the USSR and the Warsaw Pact countries, if and when it happened, would have to be a conventional attack is optimistic, not to say foolish.

It is at least implausible. One does not see why the USSR, once it has decided to attack with the advantage of surprise, should deprive itself of the advantage of first use of the so-called "tactical" or "battlefield" nuclear weapons, which NATO would necessarily use so as not to be overwhelmed by the enemy's conventional forces.

What has stopped the USSR and what is still stopping it today? What is preventing the Red Army and the Warsaw Pact forces from liquidating the European side?

What is stopping Moscow is not the armored forces of the FRG (even if they consist of a mass of 3,500 tanks and units of very high capability); it is not the armies and the combat planes of the NATO countries; it is not the roughly 7,000 tactical nuclear devices available to the Alliance; it is not the French and English strategic nuclear forces (even if they are considerable, especially if combined) with their deterrent capacity, albeit a relative one. What has been stopping Moscow up to this moment--that is, for about 30 years--is 200,000 American troops stationed on the territory of the Federal Republic of Germany. And not because of their armament, considerable though it may be. These 200,000 men could even be disarmed; but so long as they remain, they constitute a guarantee, they represent the hostages in old Europe's hands, they give the assurance that in case of attack by the USSR and the Warsaw Pact countries, the United States will commit itself all the way on our continent.

The problem, especially after the "general proofs" of the American abandonment in Vietnam and in Iran, is: will this guarantee be sufficient? When the balance of strategic forces is broken, when the superiority gradually increased out of all proportion by the USSR comes to tip the scale decisively, will this guarantee be sufficient? Won't SALT 2 in fact ratify the strategic superiority of the USSR?

"The tragedy of the United States, and therefore the tragedy of NATO," writes Jerome Dumoulin, "is that it has nothing to offer in counterpart; and empty wishes are no help against the realities. Today, the idea of introducing new nuclear weapons into Europe, and first of all into the FRG, raises violent political opposition, stirred up by the Kremlin, which is ready to scream that detente is in peril.... The combined effects of the insufficiency of the Carter administration, of the hesitation of the allied governments, of the opposition by the European left and of Moscow's massive propaganda have resulted in renunciation of the production and deployment of the neutron bomb. The abandonment of this tactical nuclear weapon, which is more effective and less devastating than those deployed in the FRG today, has been evaluated on the international scene as a notable Soviet success." And with much reason too. And one sees the consequence. The same debate, the same can-can by the leftists, the same grumblings from the USSR are produced when there is talk of weapons (the American Pershing II and the intermediate Cruise missiles) that can act as a defense, as a "parry" against strikes by the Soviet SS-20's.

About the Soviet SS-20 missiles, which exist, there is no argument; instead, there is argument about the weapons which it is desired to introduce in order to balance these missiles, which do not exist operatively in Europe, so that they will not be introduced. "After the Helsinki agreements, the Europeans slipped into a frame of mind in which mere defense of their interests and the requirement of reciprocity are supposed to represent a hostile attitude toward the USSR. If the Europeans had reasoned this way 30 years ago, they would have rejected the Marshall Plan and the Atlantic Pact out of fear of vexing the Soviets. One shudders to think about the state we would be in, which Europe would be in, if there had not been the Marshall Plan and the Atlantic Pact," Jean-Francois Revel has written. And today, what is happening? Moscow is about to obtain by "detente" what it has already obtained once with the "cold war": Western Europe's renunciation of a strong coordinated defense, capable of balancing the power of the USSR.

11267

CSO: 3104

'I VRADYNI' ACCUSES PAPANDREOU OF DEMAGOGUERY ON EEC ISSUE

Athens I VRADYNI in Greek 2 Jul 79 p 2 AT

[From the "Evening" Column: "Papandreou's Predictions"]

[Text] During the chamber debate on the ratification of our country's treaty of accession to the EEC, Karamanlis expressed the hope that Papandreou—who had left the chamber—thus avoiding any dialog—would not transfer his polemics to the sidewalk, thereby causing antidemocratic exacerbations and a political anomaly. Yet this is precisely what has happened. The PASOK chairman has dragged into the streets the great national issue of Greece's accession to the EEC and is reiterating the same slogans which brandish the banners of fear mongering.

In the pan-Hellenic meeting of his party's trade union members, Papandreou said for the thousandth time that accession will cause "poverty to farmers, the closing down of small and medium-size businesses and unemployment."

We are facing the tea-leaves predictions of Papandreou who, without any facts but with suppositions and flights of the imagination, foresees misery and calamity simply because he does not want to admit his mistake, his defeat and his political fiasco.

However, the EEC is a reality and the benefits to its members are well known. On the contrary, Papandreou's claims are in the realm of imagination. For instance, is Ireland losing from its accession to the EEC? Have Spain and Portugal gone mad trying to accede to the community?

Greek farmers are celebrating, and they know why. This is precisely what annoys Papandreou. Neither small and medium-size businesses are in danger, nor will there be unemployment. This is proven by facts, evidence, figures and the natural flow of events. Papandreou is simply predicting disasters because this is the easy thing to do.

Let the PASOK chairman spread fear and apprehension. He is free to do so, but he should beware. He does not have the right to obstruct Greece's struggle for development and progress. Greece is the community's 10th member, and struggle and unanimity are needed to align ourselves with the developed countries. Anyone who cultivates doubt, even in a small segment of the population, is doing harm to the country because the benefits of accession will not drop from the sky; effort, coordination and unity are needed.

RALLIS, HOSTED BY FOREIGN CORRESPONDENTS, EMPHASIZES EEC MEMBERSHIP

Athens Domestic Service in Greek 1830 GMT 5 Jul 79 AT

[Text] Foreign Minister Georgios Rallis at noon today [5 July] referred to benefits for Greece as well as to problems arising from accession of our country to the EEC. He was speaking at a luncheon in his honor by the Association of Foreign Correspondents.

Rallis stressed that ratification of the accession agreement by two-thirds of the total number of deputies--whose parties represent 65 percent of the Greeks--is a gala ratification of the agreement by the Greek people and closes the accession issue once and for all.

Greek accession, Rallis said, does not create insoluble problems for the EEC. This is because expansion of the community is not a question of cash accounts but a broader political act. The minister also stressed that sufficient preliminary work has been undertaken for the adjustment of our country to the community's apparatus adding that over and above economic cooperation there is also political cooperation which lays down the foundations of political Europe.

Rallis in conclusion assured that the Greek Government is determined to proceed to the correct handling of the unavoidable difficulties so that accession is completed and so that political efforts can be utilized to the benefit of the Greek people and coming generations.

The foreign minister then replied to questions. On the direct benefits Rallis stressed that during the five year transitory period Greece will receive \$1.8 billion while in the first year after the transitory period it will receive \$650 million.

Replying to another question he added that the EEC will also benefit from Greece's accession. First, because we have a strong merchant marine; second, because our country has friendly relations with the Arab and Balkan states; and third, because our geographic area will become a bridge from Europe to the Arab world and Asia.

Rallis also said that arrangements concluded for the transitory period are better than those concluded for Great Britain, France and Ireland.

Replying to other questions he said Greek relations with the Vatican will be purely state relations and no concordat will be signed.

In reference to the recognition of Israel by the Greek Government he said that all facts are being examined but at this moment there is no way for exchanging ambassadors.

CSO: 4908

ARCHBISHOP CALLS ON GREECE TO AID IN CYPRUS LIBERATION

Archbishop Interviewed

Nicosia I SIMERINI in Greek 8 Jul 79 p 5 NC

[Interview with Archbishop Khrysostomos by Greek journalist Giannis Tambakis--
date not given]

[Excerpt] Question: Your Beatitude, you have spoken about struggle. What
kind of struggle do you mean?

Answer: With all existing means and with whatever is available, depending
on conditions and circumstances. Today we may have this form of struggle,
tomorrow some other form; this depends on the conditions and the possibili-
ties available each time. But the people's militant spirit must be kept
high, upright, so that they may fully demand their rights. If we create
defeatism within the people, if we lead them away from the noble goals
which they must have, then we ourselves will be destroying our people.

Question: I shall insist on the question of struggle, Your Beatitude.
Since you do not rule out any form of struggle, this means that you accept
force and arms?

Answer: I do not speak either about force or about arms. I speak about
noble liberation struggles. These noble struggles are shaped each time by
the possibilities available to each one.

Question: This is a "political" answer, Your Beatitude.

Answer: But I have said all this in Greece and specifically to
Mr Karamanlis. I maintain: there is a section of Hellenism here, Greece
cannot confine itself to viewing from far away, passively, this Hellenic
section, this part of Hellenism, of the nation, that has been captured by
the Turkish aggressors. We are waiting for Greece to prepare itself
for our liberation. Just as in the time of Cimon who lived there and
who came here and struggled on the side of the Greek Cypriots against the
Persians.... Well, this is what we are waiting to see again.

Question: Now you are more explicit, Your Beatitude. But at this point we must speak about Turkish reaction. Every time you say such things, mainly during your international contacts, Bayrak and some Turkish papers speak about "holy war." There are many people who find the Turkish reaction justified; they are not Christians and words coming from a Christian clergyman can only intensify the already existing differences; they can only create religious differences on top of the already existing territorial and other differences. Such a thing does not help to solve the Cyprus problem, it does not help the people themselves and finally it runs counter to your principle of helping the people.

Answer: If asking for justice intensifies differences, then let it do so. I maintain that the roads must be opened so that the Greek and the Turk may go back to their houses. Is this intensification of differences? The struggle we have spoken about is not directed against the Turkish Cypriots, because they also have the same equal rights that we have, but against the aggressors from Turkey.

Question: But the problem is not solely what one asks; it is how and who asks for it. Particularly in your case, the Turks cannot see you in a positive way; they are Muslims, do not forget this. Would it not be better if there were no references to the national issue by a man of the cloth? Do you not think that it would be better to leave everything to those without religious office?

Answer: In such a case we would be abandoning our people and we would not be doing our duty.

Government Should Struggle

Nicosia I SIMERINI in Greek 10 Jul 79 p 3 NC

[From the "Freely" Column: "Greece and Archbishop"]

[Text] "Greece cannot confine itself to viewing from faraway this Hellenic section, this part of Hellenism, that has been captured by the Turkish aggressors. Therefore, we must wait for Greece to prepare itself for its liberation. Just as in the time of Cimon who lived there and, with his boats, struggled on the side of the Greek Cypriots against the Persians... well, this is what we are waiting to see again." This is, among other things, what the Archbishop told a Greek journalist. This is not the first time that the Cypriot ethnarch has spoken about Greece's role and responsibility. In the past he spoke about "some boats that we are waiting to come from the west." And recently he wondered what Greece would have done if the Turks had captured a Greek island--Khios, for example. The Archbishop is an ardent patriot and a staunch ideologist. He rightly asks Greece to help us free our occupied lands. But his demand is one-sided.

Why does he not demand that the Cyprus Government organize and arm Cypriot Hellenism? He knows quite well that no matter how much Greece will offer, this will be useless if we ourselves do not want to fight and to sacrifice ourselves. Unfortunately, there is neither the inclination, desire, courage nor bravery to wage a struggle and to make sacrifices; and of course there is no planning either. We merely embark on talking and sloganeering, and we feel happy. The Archbishop knows all this. And it is easy to draw conclusions.

CSO: 4908

CHURCH HAS MIXED REACTION TO IMPENDING GREEK-VATICAN RELATIONS

Athens TA NEA in Greek 3 Jul 79 p 1 AT

[Text] Archbishop Serafeim has hurriedly called a meeting of the permanent Holy Synod for next Thursday to discuss the impending establishment of diplomatic relations between Greece and the Vatican.

The announcement of the special meeting of the permanent Holy Synod was telegraphed to all its members so they could come to Athens from their bishoprics. According to reports received by Serafeim, preparations for the signing of the relevant agreement with the papal state have progressed and that the current Greek ambassador to Arab countries, Professor Georgakis, will be appointed this country's first ambassador to the Vatican.

Meanwhile, according to other reports, the Archbishop and about half of the 12 members of the synod are said to be determined to argue that the church should remain neutral on the above issue which falls within the exclusive jurisdiction of the Greek state since the agreement to be signed with the Vatican will be between states and not between the Greek state and the Latin Catholic Church.

In addition, to support this viewpoint, it is recalled that other EEC member states and many other states, including Turkey, have concluded similar agreements with the Vatican.

According to the same reports, however, the other members of the permanent Holy Synod will support diametrically opposed views. Citing the negative views of former academician Amiklar Alivizatos on this issue (which he had expressed in a number of articles), they will stress that Greece will not obtain any benefits from an agreement with the Vatican because the Vatican determines its state relations in accordance with its political and economic interests which, however, are not always identical and sometimes incompatible with Greek interests.

CSO: 4908

KLIRIDIS INTERVIEWED ON CYPRIOT-TURKISH TALKS BREAKDOWN

Nicosia I SIMERINI in Greek 4 Jul 79 pp 1, 7 NC

[Interview with Glavkos Kliridis, leader of the opposition Democratic Rally Party--date not given]

[Excerpts] Question: The intercommunal talks have been broken off since 22 June. There is talk about an "intermission" and a "waiting period." What are your appraisals on the subject in question?

Answer: The fact that no date was set for resuming the talks at the time they were interrupted is a disturbing element. If the interruption and the "intermission" were the result of [Turkey's] domestic problem, and were consequently sought by the Ecevit government, then the "waiting period" may continue for a long time.

Thus, the "intermission" and the "waiting period" have a definite start and an unpredictable end.

I believe that intensive diplomatic activity should take place to clarify the state of affairs because the fluid and vague situation makes things easier for Turkey and degenerates a stage of the inter-Cypriot talks that is regarded by everyone as decisive for the value and effectiveness of the intercommunal dialog.

Question: The Turks insist that we must accept the term about "bizonal federation." What, in your opinion, should be our reaction?

Answer: The essence of the problem is not whether the solution is called "bi-regional" or "bizonal," but the contents of the solution. Neither of the words "bi-regional" and "bizonal" has any legally defined constitutional content. Furthermore, since no constitution has thus far been called "bi-regional" or "bizonal," there is no precedent that could be used for interpreting these two terms. Constitutionally, states are identified as unitary, federal or confederal. However, this classification is not related to the number of regions or zones but to the degree of autonomy they enjoy.

It is an indisputable fact that the Makarios-Denktaş agreement provides for a "bicomunal" state. The word "bicomunal" means that both communities will be represented in the central government. What was left open for discussion was the degree of participation by each community in the central government. It is also indisputable that the Makarios-Denktaş agreement provides for a federation, a fact that makes it absolutely essential to determine the areas over which the two communities would exercise their jurisdiction. This last point is also proven by the fact that the Makarios-Denktaş agreement envisages criteria for determining the size of the respective areas.

It very clearly follows from this that the essence is whether an agreement could be reached in connection with the area of the two regions; the degree of participation by the two communities in the central government; and the powers and functions of the central government, which--as envisaged by the Makarios-Denktaş agreement--should be such as to safeguard the unity of the state, freedom of movement and settlement, and respect for personal property. If an agreement is reached on these questions, then it would certainly not matter if the solution is called "biregional" or "bizonal" since, as I have already explained, these two words do not have a legally defined constitutional content and, according to their literal interpretation, they mean nothing else but areas that would be under the administration of the respective communities.

In view of all the above, our answer to Mr Denktaş should be that, if agreement is reached on the above questions, then the Greek Cypriot side will not have any objection if the solution is called "bizonal." If the Turkish Cypriot side is faced with such an answer, then it would be deprived of any reasonable argument in support of its refusal to proceed with the negotiations and discuss the Famagusta question. Even if they continue to claim that Makarios had accepted a "bizonal" solution, they cannot deny that the federation he accepted is based on the four guidelines.

Question: In the event of an actual and prolonged deadlock and failure, what in your opinion, should we do?

Answer: In the event of an actual and prolonged deadlock--and, in a wider sense, the failure of the inter-Cypriot talks--in my opinion, there is only one basic course, which we have repeatedly suggested: we must appeal to the UN Security Council and demand not merely resolutions this time but the appointment of a committee to make substantive and specific suggestions and proposals for solving the Cyprus problem.

CSO: 4908

NORWEGIAN OFFICIALS DISCUSS SIGNIFICANCE OF SWEDISH DEFENSE SYSTEM

Stockholm SVENSKA DAGBLADET in Swedish 28 Jun 79 p 4 LD

[Article by Erik Liden: "Sweden's Defense Is Important for Security in Scandinavia"]

[Text] Oslo--Defense policy must be taken very seriously in Scandinavia. The hard lesson my generation learned from World War II is that Sweden should have a relatively strong defense. The defense budget should not be a pure arithmetical problem.

Trygve Bratelli (Social Democrat), Norway's former prime minister, said this when SVENSKA DAGBLADET met him in the Oslo Storting building, which is empty for the summer, to get the Norwegian view on the development of Swedish defense.

"In Norway, World War II meant a great deal psychologically. It was quite natural for us to work in cooperation with Germany's opponents even before the liberation. In 1946-49 I was chairman of our first large defense commission. It is true that we took no stand for or against future NATO cooperation, but this became necessary for us when thoughts of a Scandinavian defense alliance were not realized.

"Today, almost nobody questions our membership in NATO. Some 64 percent consider that we need it while only 6 percent consider NATO a danger for Norway."

Norwegian Supreme Commander General Sverre Hamre said this to SVENSKA DAGBLADET during a visit to Defense Supreme Command offices in Oslo.
[Hamre interview begins here]

"The crux of cooperation with NATO for a little country such as Norway is the economic and technical benefits which can be obtained through material development. Furthermore, military cooperation has meant that Norway has been without war for 35 years--a long period for Norwegian history. In the Labor Party, if not all parties, there is broad agreement on defense policy--not even the youth alliances are particularly in disagreement at party congresses.

"It is important to establish agreement around foreign and defense policy among the people. I have great respect for Swedish military figures who show the problem in a realistic way. Swedish security policy is today the basis of the Scandinavian balance. Stability is important, even for Finland's relations with the Soviet Union. Therefore no state must alter its position too casually.

"I understand the problem with the Swedish aircraft industry. It is easier to take its part of the burden in an alliance with NATO. All-round defense is needed in our country even in the future. Those who romanticize about guerrilla warfare and nihilists as regards defense have no grounding in reality today.

"It was a setback when the United States said no to Swedish exports of the Viggen to India. I tried to influence my NATO and Pentagon colleagues but it was too late to change the decision, which was unfortunate for the Swedish aircraft industry."

Hamre is very resolute when he points out the significance of the Swedish defense industry. "Sometimes Sweden is our only cooperation partner in the manufacture of defense materiel, not least for climatic reasons. Tracked vehicles, coastal artillery and antiaircraft defense have produced many joint projects. We are pleased with the experience we have gained with the antiaircraft missile 70 from Bofors. Much today points toward large purchases of the Swedish missile for our neglected anti-aircraft defense.

"At the same time the demands of conscripts in our country are becoming greater. We are trying to increase the number of home leaves from weary servicemen in the north of Norway, but for the present and for economic reasons it is only four [weeks] in the whole of the basic training year.

"Swedish defense industry is of great importance for our supply plans. The closing down of the aircraft industry therefore troubles us a great deal. I personally believe that it is not decided and that it will be taken up again.

"In all respects we consider that Sweden's defense has great significance for Norway's security. In recent years we have had reason to be worried about the development of its [Sweden's] armed forces."

Sverre Hamre does not conceal the fact that it would be very positive if, as in Norway, defense could be guaranteed 3 percent real growth every year instead of declining purchasing power.

"Even if defense is a Swedish domestic policy issue Norway must take Sweden's neutral force into consideration in all operative plans. A relative Swedish weakening is therefore a worry for us.

"Northern Norway is given priority in Norwegian defense. We practice transport operations there and our alliance brothers also train there. Obviously, even in peacetime telecommunications and monitoring installations and so forth are planned for NATO. This has really not been clear from recent Swedish TV programs."

Norway's leading expert on security policy is the Defense Department's undersecretary, Jorgen Holst, who was previously chief of the Norwegian Foreign Policy Institute. He told SVENSKA DAGBLADET:

"Uncertainty over future Swedish air defenses after all the changes in the aircraft question is a matter for concern. We are dependent on strong Swedish defenses as a backup both on the ground and in the air. To deter the Soviet Union from attack in the north this force is particularly important. The increase in the cost of personnel makes the purchase of materiel difficult in both countries.

"Nevertheless, I believe that the defense industry in the long run generates many civilian ideas. We have seen this at the Konberg Arms Factory, where more than 50 percent is civilian production today. In Sweden it would be easier for a government to invest in its own aircraft industry and labor opportunities than to purchase abroad. The technical knowledge would otherwise soon be lost since there is competition for competent engineers in the world today.

"In Norway we rely a great deal on not being surprised. It is an important task for the whole of NATO to keep track of Russian nuclear submarines, for example."

CSO: 3109

KPOE, PZPR PUBLISH JOINT COMMUNIQUE

Vienna VOLKSSTIMME in German 18 May 79 p 5

[Text] An official delegation of the Communist Party of Austria (KPOe), with its chairman, Comrade Franz Muhri, was in Poland from 14 to 16 May 1979 by invitation of the Central Committee of the Polish United Workers Party [PZPR]. Among the members of the delegation were Politbureau member and national chairman from Vienna, Comrade Franz Karger, and Comrade Otto Tremel, member of the KPOe Central Committee and regional secretary in Steyr.

The first secretary of the PZPR Central Committee, Comrade Edward Gierek, met with KPOe Chairman, Comrade Franz Muhri, on 16 May.

The delegation had talks with Comrade Edward Babiuch, member of the Politbureau and secretary of the PZPR Central Committee; with Comrade Jerzy Lukaszewicz, Politbureau candidate and secretary of the Central Committee; with Comrade Rydzard Frelek, secretary of the Central Committee; with Comrade Wacław Piatkowski, chief of the international division of the Central Committee; and with Comrade Krzysztof Ostrowski, deputy chief of the International Division of the Central Committee.

The KPOe delegation also met with scientists from the Institute for Basic Problems of Marxism-Leninism at the PZPR Central Committee.

The guests visited Wrocław Voivodship, where they met with Comrade Ludwik Drozd, first secretary of the voivodship Committee, and with members of the secretariat. They visited the automobile factories in Jelcz, where they showed special interest for the factory's development and cooperation with the Steyr-Daimler-Puch firm in Austria.

The delegation became acquainted with current questions of the socioeconomic development of the People's Republic of Poland during the course of the talks and meetings. Questions regarding the international situation were discussed and opinions about current questions regarding the international communist and workers movement were exchanged.

Agreement in the Questions Discussed

The talks were held in an atmosphere of cordial friendship and confirmed mutual goals and agreement between the two parties regarding the questions which were discussed. The KPOe expressed its recognition of the achievements of socialism, of the successful realization of the socioeconomic development of the country, and of the great tasks in the development of the established socialist society in the People's Republic of Poland. The KPOe delegation had the highest praise for the significant contribution which the PZPR and the government of the People's Republic of Poland had made to the peace policy of the socialist community of states and to the securing of international detente.

The PZPR recognizes and respects the struggle of the Austrian communists for the vital interests of the workers, for the defense of democratic rights and freedoms, for the creation of a broad front of the democratic and progressive forces around a continuously peaceful foreign policy of Austria.

Both parties favor continued universal development of the relations between communist parties in the spirit of securing proletarian international solidarity, based on the principles accepted at the Berlin conference.

The PZPR and the KPOe noted that detente, in spite of the reactionary forces attempting to oppose it, is a dominating factor in international policy.

Both parties express their satisfaction about the development of bilateral relations between both countries and emphasize that the development of economic relations, increased cooperation between the People's Republic of Poland and Austria, the exploitation of all possibilities created by the policy of peaceful coexistence, is useful for the peoples of both nations.

Making Helsinki a Reality

The PZPR and the KPOe consider the total realization of the Helsinki accord, the securing of detente and the active striving for arms limitations an especially important task. Both parties welcome the agreement reached between the USSR and the United States about the limitation of strategic arms, SALT II, and hope for a speedy signing and ratification of this agreement.

The successful conclusion of the Vienna talks about reduction of troops and armaments in Central Europe would be of decisive significance for the guaranty of security on our continent.

The Polish and Austrian communists condemn the hegemonistic policy of the Chinese leadership and their aggression against the Socialist Republic of Vietnam. The policy of the Chinese leadership jeopardizes world peace and security and damages the nations of that region, including China.

The PKPR and the KPOe declare their solidarity with the people of Vietnam who are defending their national independence. They state their support for the people of Kampuchea, who are reconstructing their country, and for the people of Laos, who are defending the territorial immunity of their country.

The PVAP and the KPOe support the efforts of the peoples of Angola, Mozambique, Ethiopia, South Yemen and Afghanistan for social progress, and the liberation movements in the southern part of Africa. They are solidary with the antiimperialist forces in Iran fighting for social progress and for the securing of national independence in their country.

The PKPR and the PKOe are solidary with the progressive Arabic forces and support a just complex solution of the Near East conflict which must include the recognition and securing of the rights of the Arabic people of Palestine to an independent national existence.

9328

CSO: 3103

NUCLEAR TALKS WITH CSSR, FRG EXPERTS PLANNED

Vienna WIENER ZEITUNG in German 23 May 79 p 2

[Text] Czechoslovakian and Austrian experts will meet on 5 and 6 June in order to discuss questions of safety regarding the construction of nuclear plants near the border. Of special interest is the Dukovany project, which is supposed to be built only 35 kilometers from the Austrian border (north-east of Znaim on the Iglau river). The Ministry of Health, as Foreign Minister Dr Willibald Pahr stated in a press conference, has the decisive voice in this matter.

The Austrian-German space commission will also meet on 5 and 6 June, which will deal, among other things, with plans for the building of nuclear plants (Marienburg near Rosenheim and Painting near Passau).

9328

CSO: 3103

PEO REAFFIRMS REJECTION OF CONFEDERAL SOLUTION

Nicosia KHARAVGI in Greek 1 Jul 79 pp 1, 6 NC

[excerpts] PEO categorically supports the Makarios-Denktas guidelines and rejects the solution of confederation that would lead to the division of Cyprus. PEO believes that the Cyprus issue is passing through its most crucial point and that, if the inter-Cypriot talks fail, great dangers will threaten the island. This is why it considers it essential that every effort be made to salvage the talks and make them succeed.

The above positions were outlined by PEO Deputy Secretary General Mr P. Dinglis, in his speech at a conference of the federation's leading members in Nicosia the other day. Analyzing the decision of the recent 18th PEO Congress, Mr Dinglis dealt particularly with the political problem and pointed out the following main points of the decision:

First, it is the strategic objective set by PEO in regard to our political problem. The congress stressed that we are struggling for an independent, sovereign, territorially integral, nonaligned and demilitarized Cyprus.

Second, the congress stressed and reaffirmed the PEO position that this strategic objective is expressed and promoted through the line and tactics approved by the National-Ministerial Council in March 1977 at the initiative and under the guidance of President Makarios. This line was also expressed in Makarios' proposals to the Turkish Cypriot side in March 1977. The same line is also expressed through the four guidelines and the Kyprianou-Denktas agreement. On the basis of this line, the congress stressed, PEO will continue to give its support to President Kyprianou.

Third, concerning the tactics of our struggle, the congress decision stressed that PEO supports the policy and tactics peacefully solving the Cyprus problem. The decision also stressed that the PEO movement "will continue to throw all its weight and influence into strengthening this policy and thwarting all adventurous activities." The decision of our congress expresses the PEO movement's wholehearted support for the inter-Cypriot talks as the most appropriate procedure for the solution of the Cyprus problem.

Concerning the nature of the Cypriot state, the speaker supported the position included in the Makarios-Denktaş guidelines for the establishment of "a bicomunal federal state" and stressed:

"PEO reiterates its categorical support for this position in our proposals. We categorically reject the solution of confederation, which would lead to the division of Cyprus."

Mr Dinglis added: In connection with the structure of the Cyprus state, the question raised in 1977 and also now is how the bicomunal character of the federal Cyprus republic would be expressed. Will we have a geographical or other form of bicomunal federation?

The answer to this question was given then and is given now by the Makarios proposals. We proposed that the bicomunal federal state acquire a biregional, therefore geographical, character. We proposed, even on a map, that a solid area corresponding to 20 percent of the territory of the Cyprus republic be under Turkish administration.

We know that the question of a bizonal or biregional character for the Cyprus state has been raised during the present talks and that this, together with other matters, has led to an intermission of the talks. Certain people ask: As long as we accept the biregional federation, what is the difference between bizonal and biregional?

We agree that this question should be discussed at the proper time, not now in advance with the danger of the talks breaking off. However, we believe that our 1977 proposals clarify the Greek Cypriot side's positions on this issue. Our proposals say: A) Federation, not confederation and B) A region or area of Cyprus--which we proposed to correspond to 20 percent of its territory--should be under Turkish Cypriot administration.

If with the term "bizonal" the Turkish side seeks a status of confederation, aiming actually at two states to be united in a confederation, then we reject this aim.

CSO: 4908

ARCHBISHOP KHRYSTOMOS SPEAKS AT PANEROMENI CHURCH

[Editorial Report NC] Nicosia Domestic Service in Greek at 0700 GMT on 8 July 1979 carries a live relay of the sermon delivered by Archbishop Khrysostomos during a memorial service, conducted at the Paneromeni Church in Nicosia, marking the anniversary of the execution of Archbishop Kyprianos and other prominent Cypriots by the Ottoman Turks on 9 July 1821.

In his sermon the archbishop says that today's memorial service is of particular importance to us because "today we are facing the same danger. We are in danger from both national and religious points of view, precisely as in the times of these martyrs who died for our nation and religion, and whom we are commemorating today, my brothers. Therefore it is necessary that we become aware of this danger; therefore it is necessary that their sacrifices be our beacon to guide us in our activities. Inside ourselves we must keep an upright and militant spirit. We must not allow either euphoria, well-being, time or difficulties to undermine this spirit. We must always keep before our eyes our divided country, our uprooted brothers, our shrines that are being disgraced today by the aggressor. Moreover, we must have before us the sacrifices of all those whom we honor with this national memorial service. But above all--above everything--we must have before us our duty that springs from this consciousness, the duty toward our country, the duty toward freedom and justice, the duty toward those who have sacrificed themselves so that we may remain Greeks and Christians. And we must remember our duty toward those who are suffering and toward those who have passed away--who have handed down to us this Christian and free place for Hellenism--and most important our duty toward the coming generations, our duty to create for our children conditions of freedom and justice within which they will shape their lives. This should characterize our activities, actions and thoughts--the fulfillment of this duty. And we will fulfill this duty when we pull down the walls that divide Cyprus into north and south. We will fulfill this duty when we abolish the road-blocks and reopen the roads leading to the Turkish-held cities and villages. We will fulfill this duty when we open the roads of both the north and south to all the inhabitants of this island, whether these be Greeks, Turks or any other race or religion. We hate none, we do not seek to rule anyone. We ask for justice, love and freedom. We are struggling for

these principles and, for the sake of the struggle for these principles, appeal to all the inhabitants of Cyprus--Greeks and Turks alike--to make this island free so that justice, love and freedom may reign. My brothers, the struggle is for all. With this in mind, all those who care for this place and its people, arrange your lives accordingly."

CSO: 4908

BRIEFS

EDEK POSITION OUTLINED--EDEK Chairman Lyssaridis stressed that EDEK supports a Cyprus solution based on the UN resolutions and on the safeguarding of the right of settlement, property and freedom of movement for all citizens. In his speech at the memorial service in Limassol for fighter Andreas Ellinas, Mr Lyssaridis added that EDEK will struggle for a truly independent, territorial integral, united and nonaligned Cyprus without foreign troops and bases; for a Cyprus that would belong to all its inhabitants irrespective of national origin or religion. Mr Lyssaridis said that EDEK's position is clear: We will not agree to selling out the right of any refugee to return to his home nor will we ever accept a solution that would legalize the faits accomplis created by the occupation. [Text] [Nicosia Domestic Service in Greek 1730 GMT 1 Jul 79 NC]

SAMPSON'S CONDITION DETERIORATES--The case of Nikos Sampson is developing into a real drama and we do not hesitate to say that the Cyprus Government is fully responsible for this. As is well known, the former EOKA fighter and president of the republic at the time of the coup, who was sentenced to long imprisonment, has been allowed to leave Cyprus for treatment abroad--specifically in the United States--because Cypriot doctors and foreign specialists found his condition desperate and recommended that he immediately go abroad. Following this, Sampson left for Munich, his first stopover on his way to the United States. However, at the last moment the U.S. Government refused to allow him to enter the country. Obviously, this was done as a result of a demarche or representations from Cyprus, which did not want Sampson to be granted political asylum if he decided to ask for it, and thus avoid any complications. According to latest reports from Munich, the sick man's condition has already deteriorated and he intends to return to Cyprus soon without having succeeded in anything, because he is unable to extend his stay there; moreover, the 3-month permission given to him expires soon. [Excerpts] [Nicosia ALITHEIA in Greek 2 Jul 79 p 1 NC]

FOREIGNERS QUEUE UP FOR SHARE IN DANISH GAS PROJECTS

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jun 79 p 9

[Text] The struggle of the industries--both abroad and here at home--for a share in the Danish natural gas projects at 8.5 billion kroner has begun. The interest in getting orders for the extensive projects is great in countries such as the Netherlands, Austria, Great Britain and West Germany, which have industries with years of experience in supplies to natural gas projects. They have a significant initial advantage over Danish industries. This was shown at the fair "Natural Gas 79" in the Bella Center today where 85 foreign and only 15 Danish firms exhibit.

Dansk Olie & Naturgas is to invest 3.5 billion kroner in the main network, the municipalities 2 billion kroner in the local network, and the supplier of the gas, Dansk Undergrunds Consortium, is to invest nearly 3 billion kroner in the gas production plants in the North Sea.

Danish Share

"In order to get a share in the orders, the Danish industries must be able to compete on quality with foreign enterprises, which, for many years, have been developing expertise in natural gas plants. For this reason, great efforts are being made at the moment in the various Danish industries to train their technical staffs in the technology that is being used in natural gas projects," Gerhard Jensen, director, Dansk Olie & Naturgas, said at a meeting with the press yesterday prior to the opening of the fair. He estimates that 50 percent of the transmission network can be produced by Danish firms.

Next year, tenders will be invited for the first phase of the network, the North Schleswig section, which is to be ready in October of 1982. North Schleswig will initially receive natural gas from West Germany. In October of 1984, Dansk Undergrunds Consortium will be ready to supply natural gas from the North Sea, and, at the same time, the main network will be ready in the rest of the country.

No Expertise

Director Mogens Rørvig, Dansk Undergrunds Consortium, said at the meeting that it has been a great work to arouse the interest of Danish industries in participation in the projects in the North Sea.

"The reluctance of the Danish industries is due to the fact that it is limited what we, in this country, can produce for off-shore projects because the country simply does not have any industry which has specialized in that area. For that reason, we must not delude ourselves into thinking that the Danish industries will be able to supply more than 30 percent of the gas production project in the North Sea," Mogens Rørvig said, adding that Danish firms can hardly be blamed for their lack of interest. Participation in the struggle for orders and their execution require long-term investments and dispositions. To this may be added that Danish firms will not be able to manage on the basis of the limited Danish market.

Open to the Public

Dansk Olie & Naturgas now has a capital stock of nearly 1 billion kroner which is partly to be used as security for loans and partly to cover part of the costs of the construction of the sea pipeline from the natural gas field to the west coast of Jutland at Varde [Translator's note: north of Esbjerg].

"Natural Gas 79" will be open to experts up to and including 16 June and on Sunday, 15 June it will be open to the general public. It will still be several years before natural gas will be used for the heating of Danish homes, but at the fair the types of gas furnaces to be used for that purpose may be seen.

7262

CSO: 3106

U.S., IRAN, AFGHANISTAN POLICIES CRITICIZED

Paris LE FIGARO in French 3 Jul 79 pp 1, 3 LD

[Article by Paul-Marie de la Gorce: "The Afghan Lever"]

[Text] There was no reason to think that just because the United States had suffered a resounding defeat in Iran it would abandon its action in this part of the world: that would not have been in keeping with either the vast possibilities it still has in reserve or with its leaders' habits of action and intervention. Nonetheless a new policy had to be drafted and applied.

In the question of Iran various teams violently oppose each other. Those which persisted in supporting the Shah and which predominated for a very long time were obviously compromised by his fall. The men who are now regaining most influence are those who from the late sixties onwards tried to convince people that it was in the U.S. interest to support moderate and conservative Muslim states which, according to them, were the only ones capable of blocking the expansion of Soviet influence and the "progressive" trends which could be observed in a large part of Africa and the Arab world.

This line of thought was at its height when Saudi Arabia was regarded as a privileged U.S. ally and had its hour of glory in 1977 at the Arab-African conference in Cairo where the Saudis stood out as the leaders of the conservative camp in face of the revolutionary enterprises developing in Angola and Ethiopia. After that it encountered problems over the events in the Middle East starting from President Al-Sadat's visit to Jerusalem. As was foreseeable, the split in the Arab camp and the internal coalition of Egyptian politics brought about a deterioration in relations between the United States and Saudi Arabia. However, there has been another swing and the view which previously prevailed is now finding favor again among U.S. officials. The reason for this is Afghanistan.

Of course it would be both sweeping and incorrect to say that the rebellion against President Taraki's pro-Soviet regime is caused exclusively by indirect and secret U.S. action. The revole of an old conservative and traditionalist Muslim society against the upheavals of a progressive

revolution is self-explanatory. The articles by Thierry Desjardins in LE FIGARO has shown the scope of opposition to the established regime. However, as soon as the first signs of rebellion appeared, U.S. experts saw that they could take advantage of it and the administration followed them.

The intention is to use the events in Afghanistan as a lever to throw states and parties with a strictly Muslim view of politics into the camp which is hostile to the Soviet Union. That is the aim. To this end there is no doubt that the United States is doing all it can to strengthen the rebellion. The results show the efficacy of this move.

Of course, this presupposes an arrangement with Pakistan. Circumstances in that country could not have been more favorable. Marshal Zia's government is itself based on Muslim orthodoxy [intégrisme]. It has modified all the country's legislation in that direction. Moreover, the execution of former premier Ali Bhutto has made the opposition between Bhutto's former supporters and the present regime absolutely irreversible. Marshal Zia who is isolated at home, condemned abroad for what is often regarded as the murder of his predecessor and placed in a difficult economic situation, has no alternative but to make an increasingly clear commitment to the most traditionalist and conservative Muslim forces.

That is why it is in his interests to oppose the Afghan revolution and support and assist the Afghan rebels. That is what U.S. diplomacy wanted and there is reason to believe that it did everything in its power to insure this happened.

In actual facts it is principally thinking about Iran. Whether the rebels succeed in overthrowing President Taraki's regime or whether their struggle drags on and becomes bogged down, the aim is to stir up the current Iranian leaders against the Soviets and to insure that there is an insurmountable barrier between them. From this viewpoint the Afghanistan affair is simply a means to an end but Washington regards it as a particularly effective one.

Obviously this line can be explained by the new U.S. analysis of events in Iran. According to this analysis a struggle is now going on between the orthodox [intégriste] forces claiming allegiance to Ayatollah Khomeyni and who may express his real aims and all the leftwing, secular, socialist or progressive forces. For the most part the U.S. officials want the first to defeat the second. Not that they have the least sympathy for an Orthodox Islamic republic but their main concern is to avoid a revolution which could have unforeseeable consequences. They are equally aware that the United States would continue to be attacked and abused but they regard that as inevitable and not very important, at least at present. The vital thing is that Iran should, if possible, remain hostile to the Soviet Union and that this hostility should be aroused and maintained by the political exploitation of events in Afghanistan thanks to the natural sympathy which the most strongly orthodox [intégriste] Iranian leaders have for the Afghan rebellion.

Rightly or wrongly the U.S. officials think they have already achieved significant success. Ayatollah Khomeyni himself has made very harsh statements about the Soviet Union and on several occasions has pointed out the incompatibility between Marxism and Islam while his supporters have launched the fight against various leftwing movements fairly openly.

Is this new trend in U.S. Middle East policy a good thing? At first sight it seems particularly ironical that a government which supported the shah's dictatorship for so long and which trembled at the prospect of the turn which the Iranian revolution was taking and at the Ayatollah Khomeyni's actions is placing its hopes on the Ayatollah and expecting him to show increasing opposition to the Soviet Union; but after all that is just one of the about-turns which so often occur in international politics.

However, have they backed the right horse? The orthodox [integriste] and passionately anticommunist and anti-Soviet currents are certainly dominant in Iran at the moment and their preponderance may increase still further; U.S. political circles can hope that they will reap the results of their efforts. However it may be unwise to think that it is possible to "maneuver" a man like the Ayatollah in this way--his determination is daunting and he has spent his whole life denouncing U.S. enterprises. Above all, the balance of forces in Iran is still fundamentally unstable: the large and powerful middle class which plays such an important role in this country and which made such a large contribution to the fall of the monarchy has not yet formed itself into a political force. It is not represented by the orthodox [integriste] movements or by the small leftwing socialist groups: their return to the political scene could change things considerably.

Meanwhile the U.S. leaders have found a new field of action in the Middle East which gives the obscure clashes in Afghanistan the dimensions of a vast political and strategic operation.

CSO: 3100

PCF MEMBERS URGE PARTY TO PROTEST CHARTER 77 ARRESTS

Paris LE MONDE in French 3 Jul 79 p 8 LD

[Unattributed report: "Twenty PCF Members Urge PCF To Take Public Stance on Respect for Democratic Rights in Czechoslovakia"]

[Text] Twenty PCF members have sent an "open letter" to the PCF Central Committee asking it to take an official stance against the arrest of representatives of Charter 77, the human rights defense movement in Czechoslovakia. These members think that the PCF's semiofficial approach to the Czechoslovak leaders is inadequate.

The text of this "open letter" is as follows:

"On 29 May 1979 10 Charter 77 signatories and spokesmen were arrested in Prague. So far four of them have been released. To justify their arrest the Czechoslovak police did not hesitate to accuse the Chartists of 'serious subversion.' Furthermore, Zdena Tominova, the only spokesman not under lock and key, has been attacked and is now hospitalized with concussion. This wave of arrests was preceded by the sentencing of our Comrade Sabata and the persecution of his lawyer, Danisz. Let us remember that the 10 Chartists are facing prison sentences ranging from 3 to 10 years.

"We wish to point out that 9 May 1979 a delegation of communists gave the congress a document from Charter 77 addressed to all delegates (this document had been given to L'HUMANITE the previous day). L'HUMANITE did not publish it and the delegates were told nothing about it. Following the arrest of the Chartists L'HUMANITE simply reported the facts in a short article, reiterating its customary condemnation in principle.

"We think that the serious nature of the situation demands a clear and urgent stance from the PCF which, we are convinced, would receive massive support from the members. Why does the PCF not publicly demand the immediate release of all those imprisoned for their opinions? Why does it not protest officially to the Czechoslovak authorities in Paris and in Prague? Why is there no general mobilization of the party on these problems? Why does the Politburo not publish a statement on this subject?

"The defense of freedom and democratic rights is primarily the affair of the workers movement. The communists have a special moral and political responsibility with regard to the eastern bloc countries. We cannot forget the fact that of the four people who signed the letter sent to the congress, two have just been arrested, one has been attacked and the fourth is in prison.

The three comrades chosen by the Charter 77 spokesmen to convey the letter to the congress and the communists who supported their action or who approved it are sending this open letter to the Central Committee and asking it for a reply which these circumstances urgently require."

This document was signed by Mrs Violette Harvin, Mr Didier Lapostre, Mr Daniel Ouaki, Mrs Helene Parmelin, Mr Nils Adjiman, Mr Edouard Pignon, Mrs Juliette Marcombe, Mr Christian Piraux, Mr Jean-Louis Chapellon, Mr Stephane Liquien, Mr Daniel Bernard, Mr Serge Boulín, Mr Jerome Freydier, Mrs Monique Lemes, Mr Christian Mazet, Mr Gerard Belloin, Mr Alain Tournet, Mr Antoine Spire, Mr Pascal Boulanger, Mr Claude Marchand, Mrs Claudine Guitonneau, Mrs Nicole-Edith Thevin, Mr Gilbert Glasman and Mrs Irene Belier.

CSO: 3100

PCF LAWYERS SCORE ANTIDISSENT MOVES IN LETTER TO CSSR AMBASSADOR

Paris LE MONDE in French 5 Jul 79 p 4 LD

[Unattributed report: "Danisz' Lawyers (PCF Members) Send Open Letter to Ambassador to France"]

[Text] The French Barristers' conference and all lawyers unions and French jurists movements are holding a public meeting at 18, Rue de Varenne, Paris this Wednesday, 4 July, at 2000 hours in support of Mr Danisz who has been expelled from the Prague bar. This measure will in particular prevent Mr Danisz from defending the 10 Czechoslovak human rights militants soon to stand trial for "subversion."

The day before this meeting Mr Danisz' four French communist lawyers published an open letter to the Czechoslovak ambassador to Paris.

After recalling that the visa they had requested in order to go and defend their client had been refused, Mr Andreu, Mr Kening, Mr Michel and Mr Rappaport continue:

"You felt you had to justify your position by a communique which we cannot leave unanswered. You maintain that 'the legal system and criminal procedure in force in Czechoslovakia include adequate guarantees for the defense of accused persons facing courts which are independent. The texts do contain provisions in this respect, but what is the real position? Our colleague has just been expelled from the bar for 3 years although he was defending Czechoslovak citizens prosecuted for their opinions and was the only lawyer to do so.

..."How could we regard this sanction as anything but a professional ban when we observe that it is motivated by a minor incident between Mr Danisz and a police officer which took place in 1975? Furthermore, proceedings were only taken 3 years later after Josef Danisz had acted as defense counsel for several people standing trial for their opinions. We find it difficult to see that as mere coincidence. Texts certainly do exist but there are no longer any lawyers prepared to invoke them. You then accuse us of disregarding the principle of international law which enables every state to grant or refuse an alien entry to its territory. Do you really think it is possible to hide behind this principle to justify refusing visas to lawyers asked to defend somebody?

"In so doing have you not lost sight of one of recent history's democratic gains which is universally valid: each man's right to a fair trial with the help of a lawyer of his choice? Our colleague Danisz, like his clients, is now deprived of this right. Finally you accuse of 'seeking dubious glory' in 'an anti-Czechoslovak propaganda operation' at a time when 'much more important trials are taking place' in our country. Does this mean that the anxiety we feel about attacks on defense [as published] and freedom in France and our participation in action to oppose this should make us silent and passive in face of what is happening in this field in Czechoslovakia? We do not share that view.

..."Allow the communist lawyers that we are to assure you that our efforts are guided by a concern to contribute to the defense of rights and freedom which, in our view, should be indissolubly linked to the idea of socialism. That is why we do not intend to abandon our action."

CSO: 3100

PCF'S LATEST POLICY TWIST SUBJECT OF COMMENT

Paris LE POINT in French 2 Jul 79 p 32

[Commentary by Michele Cotta]

[Text] "Finished for them, the relatively easy victories. The time has come to break ground in the jungle in order to find arable land..." About whom is L'HUMANITE editorial writer, Yves Moreau, speaking? About Vietnamese refugees who, wandering from island to island, wait on pitiful boats to be turned back to the sea. Who are these escapees? Members of the bourgeoisie who are allergic to the revolution, Asian former members of the American army, in addition to the "hundreds of thousands of prostitutes and drug addicts" who glutted Saigon at the time of its liberation. That, at any rate, is what Pierre Juquin, the new PCF press spokesman, assured us on Monday.

A detour from, or a concession to, public opinion? Communist leaders came to realize that their remarks against the Vietnamese refugees had seriously shocked the French people. And the PCF appeared to align itself once again with Soviet policy. Thursday evening, from the lips of Juquin himself, the PCF confirmed, for all, irrespective of their political leanings, just the contrary: Its desire to do the humanitarian thing, and reminded all and sundry that its municipalities have been providing shelter for more refugees than have other [non-PCF controlled] municipalities, and that it had made an appeal on the subject to the U.N.

Why this change between the beginning and the end of the week? It is certain that the party leaders are afraid they will witness the development of a new anti-communist campaign following the reactions aroused, even within the party ranks, by the internment of the dissidents in the East. Moreover, the Vietnam of Ho Chi Minh had represented, for an entire generation of the PCF, the most glorious victory of communism over imperialism. It would be difficult to admit that it had failed.

Despite all that, the ever realistic PCF corrected its fire, in time, it hopes, not to arouse indignation. Too late, perhaps, for those who cannot forget the prose of Yves Moreau.

CSO: 3100

ARMY SEEN BEING DESTROYED 'SLOWLY'

Paris TRIBUNE SOCIALISTE in French May 79 pp 22-23

[Article by Alain Joxe: "Gentle Destruction of the French Army"]

[Text] The election to the European Parliament by universal suffrage does not confer any particular right in matters of defense. The future parliament, however, will be sovereign as far as its budget and its internal regulation are concerned. Nothing will prevent it from giving itself a "european security" commission and placing on its agenda such-and-such a point of arms policy or of an international crisis in which the organization of defense on a Europe-wide scale will be undertaken. It can be counted on to do so, since the theme of the defense of Europe has been cropping up again all over for three years.

The menaces which would weigh heavy globally on Europe have begun to be enumerated within the framework of the WEU [Western European Union] and NATO. These are the Soviet strategic menace, the raw materials supply menace and finally the internal destabilization menace.

These three types of menaces can be counterbalanced only by very different dispositions or arrangements. The Soviet menace concerns the "NATO center" zone, i.e., Germany, the Benelux countries and France. The supply menace concerns the Mediterranean, the Gulf and Africa. The menace of the destabilization of regimes concerns Southern Europe, where the existence of recent or latent military fascism and discrepancies and class struggles induced by underdevelopment are leading to political crises and a push toward socialism.

The "Soviet menace" concerns the conventional and nuclear soviet military formations deployed essentially in Germany. It is described today as a conventional blitzkrieg threat.

The Neo-Colonialist "Battlement"

The supply menace is counterbalanced by the new expeditionary forces focused in France and equally (with the professionalization of the American army,

which dates from the defeat in Vietnam) by the United States. The latter evidently prefers that "Europe take responsibility for its own defense," that is to say, that Europe itself hold the neo-colonialist "battlement" which must be manned by a few troops. In Europe, France alone has taken this role under its responsibility.

The stability menace concerns the southern flank of NATO. Even the military agree that it is not a question of a Soviet threat (even "by delegation"), but a slipping to the left in Europe could create an opportunity for intervention which the USSR would find it hard to resist.

In order to avoid this "menace" the political field must be controlled and the "political integrity" of the countries of the Atlantic Alliance in Europe must be safeguarded. Military Europe has thus been invited by NATO to oversee the preservation of a homogeneous order in the countries of "Southern Europe", of which France is part.

The "soviet menace" has set Europeans defense tasks in proportion to their powers.

The U.S. is resuming the sublime tasks of nuclear disarmament and of the menace of escalation. France can only play an accessory role at this level, and in this sense Giscard's nuclear moderation, in comparison with the "all-azimuths" of the De Gaulle epoch is perfectly suited for the integration of French nuclear arms not only into an integrated operational command but also into a general, integrated "disarmament scenario" in which French autonomy creates certain special options for talks to hold in case of crisis.

A New Generation of Arms

Europeans must resume the role of conventional delaying operations envisaged by the doctrine of "flexible retaliation. It is in order to make this role "attractive", professionally speaking, to the armies of the different European countries that the deployment of an entire new generation of non-nuclear arms--called "modern munitions" or PGM (Precision Guided Munitions)--is being prepared. This is a generation of arms ranging from the portable anti-personnel rocket to the "cruise missile" (a teleguided, pilotless bomber). Thanks to their sophisticated miniaturized guidance systems, these arms reach their objective and destroy in more than 50 percent of cases (they are even called "one-shot-one-dead"); more than 90 percent of cases is a result noted as early as the Yom Kippur War for some U.S. anti-personnel missiles like the Maverick rocket.

The accumulation of these new arms constitutes a danger, because they make a neo-classic battle possible.

Since the defense budget for 1980 (which has just been presented to Congress), the United States has been talking again about the acquisition of a first-strike anti-force capacity (i.e., capable of destroying the Soviet nuclear missiles in their silos). Of course, all this is happening as if, by

reserving for itself the tasks of establishing a strike credibility at the nuclear level which would be a paralyzing level for the Soviets, the United States would reopen the possibility of a modern classic war in Europe for which the Europeans would pay the costs.

The European Parliament will be insidiously incited to gain control of this real battlefield. How can it be imagined that the future European deputy will abstain from attacking problems of such gravity?

This conjuncture will lead in years to come to a sort of "destruction" of the French army which risks passing unnoticed.

Because of its intermediate position economically, geographically, politically and militarily, France will be the locus of an important crisis of military functions reflecting in a particularly grave manner the crisis of the nation-state. France must assume conjointly: nuclear functions, classic battlefield functions, even if behind the principal place (Germany) and, finally, functions for maintaining internal order.

It will be able to do so only by accentuating the specialization of its types of units in a given type of mission and the separation of careers according to very heterogeneous criteria which will be proposed from the exterior.

Consequently, in practice France must compromise mandatory military service, the national definition of defense and of its tasks and its autonomy in the matter of armaments--for too many years the symbol of its scientific and technological autonomy. Moreover, the importance of tasks properly police matters which will be organized from a supernational point of view will be accentuated.

By creating a legitimate place where these questions can be taken up and regulated in disguised form, the European Parliament will be useful for weathering this crisis. This is why, paradoxically, it is in France above all that the idea of a new EDC [European Defense Community] is forcing its way through. Part of the French army feels that it is being invited to such an extraordinary overturning of defense criteria and functions that it will be able to rally only if it can find in a "European patriotism" an ideology that could take over for the "hexagonal patriotism" with which it is now stamped.

This new EDC has no chance of seeing the light of day because the Germans don't want it, having always preferred the Atlantic framework, in any event for military matters.

In the context of this prolonged crisis, it is important that the FSU maintain its point of view: enmity to nuclear force--which is illusory and dangerous--and concentration on the elaboration of a modern, popular

non-nuclear national defense, which alone is compatible with an eventual progressive diplomacy of a leftist France in Europe as in the Third World.

9380

CSO: 3100

'L'HUMANITE' SUFFERS READERSHIP, DISTRIBUTION PROBLEMS

Paris LE COMMUNISTE in French May 79 p 7

[Article by Gisele Escot]

[Text] Celebrating the 75th anniversary of L'HUMANITE at the same time as the 50th anniversary of the creation of the Committee to Defend L'HUMANITE (CDH), Roland Leroy said on 24 April 1979 that it was necessary to search out obstinately a salesman in order to find L'HUMANITE DIMANCHE nowadays.

This is scarcely an exaggeration. The Sunday morning sales locations are gradually disappearing; even in communist municipalities, there are none or precious few. As for the daily L'HUMANITE, it is very rarely hawked; more often it is handed out free.

We have already mentioned in our journal the drop in readership of the communist press and the situation must be serious when the editor of L'HUMANITE talks about it himself. The paradox must also be emphasized which exists between this situation of the drop in sales and thus in readers, be they party members or not, and the number of party members. Indeed, how can one explain the fact that the daily or L'HUMANITE DIMANCHE is losing ground while 700,000 party members are claimed for 1978? Average publication figures run 155,000 copies in January 1978 for the daily and 300,000 for the sale by militants of L'HUMANITE DIMANCHE.

Which amounts to saying, and Roland Leroy only whispers it, that the large majority of party members do not read the party's press publications. How then could party members trouble themselves with defending L'HUMANITE if they do not read it? Did not a section leader himself, a distributor of L'HUMANITE DIMANCHE, say that he would not buy it anymore because he would find nothing worth reading in it?

When the party, in 1929, founded the CDH's and when it only had 30,000 members, 60,000 copies of the daily L'HUMANITE were being sold, or two copies per member—that is to say, there was a strong audience grouped around the party within the framework of its press publications. The

CDH's were then called "Committees for the Defense of L'HUMANITE." The communists who at that time sold the daily or Sunday paper were true propagandists of the ideas of their party. They did not merely sell the paper, they also discussed the articles with likeminded readers.

Today, the policy is diametrically opposed to the one in force 30 years ago. And when policy changes, practice also changes. Due to successive defections from the party, due to its opportunistic leadership, this policy has declined just as has the political and militant consciousness of party members, who no longer feel motivated—at least the greater number of them do not—to defend the party and its press publications. So is it true that the CDH's have undergone change during the years and have been transformed into "Committees for the Distribution of L'HUMANITE." To be sure, it would be useless to continue calling them "committees of defense" if the policy carried out remains the same.

What is true of the sale of L'HUMANITE is true for all party press publications: NEW FRANCE, VANGUARD, etc. And chances are things will get worse. The party leadership can make an urgent appeal for each party member to buy the daily L'HUMANITE—Roland Leroy is bamboozling the comrades when he expects, in 1979, to arrive at 500,000 copies of L'HUMANITE DIMANCHE for 1 million party members. But there will always be lacking that immense reservoir which thousands of readers formed around the party and into which he could dip, those on whom he could count in case of a hard knock, or those who were members in full awareness of what a party of the working class really is.

The leadership is calling for the creation of a CDH in each cell (while the life has gone out of the great majority of them)—there will always be lacking militants sufficiently dedicated to the defense—and not to the distribution—of the ideas of the party and of its press publications. The current leaders of the party will not bring forth any valid solutions so long as they carry out an opportunistic and legalistic policy which makes it impossible to fashion militants capable of defending L'HUMANITE and quite obviously to regroup around them a mass of communist readers and sympathizers.

9330

CSO: 3100

BRIEFS

PSF LEADERSHIP CAVEAT--Francois Mitterrand's new team--Laurent Fabius, Paul Quiles, and Lionel Jospin--would like that henceforth the leadership, and only the leadership, be the ones who speak outside the party. Pierre Mauroy and Michel Rocard reply: "We are not in the communist party." Meanwhile, Pierre Mauroy does not have the right to participate in the "post-electoral channel two-Europe one" [TV] broadcast. [Text] [Paris LE NOUVEL ECONOMISTE in French 25 Jun 79 p 37]

FRANCO-ALGERIAN RELATIONS--Jean Francois-Poncet will go to Algiers this weekend on a sensitive mission. Because Algeria has a million of its nationals in France, it has taken a dim view of Mr. Lionel Stoleru's bill on foreign workers. This bill is to serve as a basis for renegotiating the bilateral accords on Algerian immigrants and it was all that was needed to foul up Franco-Algerian relations again. The minister of foreign affairs had hoped to improve this situation ever since president Chadli took over. Also he now has at hand the arguments that will enable him to answer the accusations that "Paris does not do anything to redress the unfavorable trade balance with Algeria." By the early 1980's France will be importing from two to three billion franc worth of Algerian gas. [Text] [Paris LE NOUVEL ECONOMISTE in French 25 Jun 79 p 38]

CSO: 3100

ILIOU CALLS FOR COOPERATION IN LEFT; REJECTS 'HEGEMONISM'

Athens I AVYI in Greek 30 Jun 79 pp 1,6 AT

[Text] [A political address by Ilias Iliou yesterday opened the Fourth EDA Panhellenic Conference at the "akropol" [cinema] which will deliberate the draft program and constitution of the party.

The EDA chairman opened his address by referring to the international situation, at the same time stressing our country's position "in the sensitive area of the Middle East and at the crossroads at which the three worlds--capitalist, socialist and the third world--meet and clash."

Referring to the socialist camp Iliou stressed that "it is passing through a contradictory-transitory phase" and added, "serious difficulties" and "bitter disappointments" caused by the "characteristics of a state-party bureaucratic socialism," beset it.

The speaker paid special attention to our country's internal situation and stressed, at the outset, our country's accession to the EEC is an event of primary significance. Continuing on the same subject the speaker expressed the viewpoint that "despite certain difficulties which will arise as a result of the handling of the issue by the right wing," accession "creates better possibilities for our future progress." The speaker further stressed that the EDA "supports the conduct of a plebiscite despite the complexity of the matter."

Referring to foreign policy, Ilias Iliou described the dogma of "we belong to the West" as extremely harmful and stressed that his party's position is that Greece should become the base for peaceful contacts with the Balkans and the Arab world.

In respect of NATO the EDA chairman stressed that our withdrawal from the alliance's political wing was also necessary and asked for dissolution of the two military coalitions (NATO-WARSAW Pact) stressing that our country's withdrawal from NATO's military wing must be finalized. At the same time, referring to Greek-Turkish affairs he observed that "pressures are being exerted against us for concessions to Turkish demands."

The speaker then underlined that there is not only the problem of protecting democracy but also of protecting its context and stressed the need for people's participation in decision taking. He also asked that the state's apparatus should be cleaned up and that the apparatus of anomaly must be neutralized.

After stressing the need to oust the right wing from authority he underlined the necessity of cooperation between the forces of the democratic opposition and he criticized Pasok which "claims for itself the right to be the exclusive representative of the forces for change."

Iliou also stated that unity between the forces of the Greek left wing has a vast significance for political developments. Continuing the EDA chairman severely criticized the dogmatic Communist Party [KKE] stressing that all efforts (and not only EDA's efforts) for cooperation come up against its refusal. "Not only does it refuse cooperation on equal terms," he said, "but it also insists on imposing its own hegemony and its own control over the entire left wing movement." The speaker further condemned the "movement for a united left" as being "dependent upon and led by the KKE and destined to serve KKE's own policy and not the cooperation and unity of the forces of the left."

At this point the speaker stressed that EDA's basic goal is to create a unified political force together with other forces of the democratic and revivalist left free from any hegemonism.

CSO: 4908

BOMB SET BY ULTRA-LEFTIST GROUP IN ATHENS

Athens ATHENS NEWS in English 9 Jun 79 p 4

[Text] A time-bomb exploded Friday in the Greek Tobacco Organization building causing heavy material damage but no injuries after occupants were evacuated in time following a warning from an anonymous caller, police said.

The ultra Leftist "Greek Popular Struggle," claimed responsibility in phone calls to local newspapers.

The explosion would have caused heavy casualties due to the large number of employees in the building, which is situated in the city Center.

The bomb was placed in a cupboard on the 6th floor of the seven-storey block, police said.

The explosion is the latest in a series by this extreme Left-wing organization.

Thursday the same organization claimed responsibility for a home-made bomb explosion outside an office of the Tax Department.

CSO: 4920

CEMENT COMPANY REPORTS ON EXPORTS

Athens ATHENS NEWS in English 9 Jun 79 p 9

[Text] Exports of Greek cement in 1978 were worth 184 million dollars, and the "Heraklis" cement company was for the second consecutive year the main exporter of cement in Europe.

This was stated by the Chairman of the board of "Heraklis", Mr. Alexander Tsatsos, and the Managing Director of the Company, Mr. George Tsatsos, during the annual general meeting of shareholders held at the Grande Bretagne Hotel yesterday.

In reading the directors' report, the Chairman said that the company had suffered great losses from the cement price freeze in 1978. The last increase of price was made in April 1977, he said.

In spite of all these difficulties, however, he said, the company continued its development activity in 1978 and marked new export records.

The company had been especially active in Saudi Arabia and Nigeria, he said. From all foreign sources, it had imported into Greece foreign exchange totaling 91.5 million dollars.

CSO: 4920

SPECIAL PROGRAM FOR REGIONAL AGRICULTURAL DEVELOPMENT

Athens ATHENS NEWS in English 17-18 Jun 79 p 11

[Text] Agriculture Minister Ioannis Boutos has given instructions for the drafting of special programs of regional agricultural development, through the mobilization of all local services of the Agriculture Ministry, the Agricultural Bank of Greece, the Cotton and Tobacco Boards and the farmers' cooperatives.

These programs, within the framework of the acceleration of the rate of harmonization of the Greek agriculture with the conditions of the European Communities and the rapid participation of the farmers in the benefits that would derive from it, will be included in the country's programs of regional development.

The programs will outline the development prospects of agriculture in general and each branch separately; the required infrastructure projects for the optimum development of the production possibilities of each region; and propose the required policy measures for the rapid development of agriculture and improvement of the farmers' income and living conditions.

CSO: 4920

BRIEFS

TREMOR NEAR ATHENS--A slight earthquake, 4.5 on the Richter Scale, was recorded at 11:47 p.m. on Friday night by the Geodynamic Institute of the Athens Observatory. Its epicentre was located at 90 kilometers north-west of Athens. [Text] [Athens ATHENS NEWS in English 10-11 Jun 79 p 4]

BOMB DEFUSED IN ATHENS--Military explosives experts Wednesday defused a home-made bomb planted inside a building under construction, a police spokesman said in Athens. A letter near the parcel claimed responsibility on behalf of an organisation calling itself "Revolutionary Popular Struggle," he said. The incident was the latest in a series of bomb attacks by the extreme Left-wing group. [Text] [Athens ATHENS NEWS in English 14 Jun 79 p 1]

STEFANOPOULOS ND SECRETARY GENERAL--The leader of the ruling New Democracy Party, Premier Karamanlis, has appointed the Minister to the Presidency of the Government, M.P. Constantine Stefanopoulos, Secretary General of the Party. The Prime Minister acted in implementation of the statutes of the party, approved by the New Democracy Parliamentary group Wednesday. [Text] [Athens ATHENS NEWS in English 9 Jun 79 p 4]

OLYMPIC AIRLINES ECONOMY MEASURES--Olympic Airways has decided to withdraw from service two of its seven Boeing 720 aircraft to cut down on expenses, it was announced Friday. Meanwhile, a reliable Transport Ministry source denied press reports alleging that the Government has ordered the Olympic Airways Company dissolved and its reconstitution in a new form. [Text] [Athens ATHENS NEWS in English 10-11 Jun 79 p 4]

TREMORS NEAR KHIOS--Two strong earth tremors shook the eastern Aegean Greek island of Chios today causing alarm but no casualties or damage were reported, police said. Their epicenter was under the sea between Chios and the Turkish Anatolian coast, Athens Observatory said. [Text] [Athens ATHENS NEWS in English 15 Jun 79 p 4]

TITO APPROVAL OF BALKAN CONFERENCE--Prime Minister Karamanlis today received in the Political Office Yugoslav Ambassador to Athens Mocivnic, who handed him a personal message from Marshall Tito. In the message, the Yugoslav president expresses his support for inter-Balkan cooperation and accepts the Greek prime minister's proposal for the convening of a conference of Balkan country experts to examine issues connected with communications and telecommunications. In his message to Karamanlis, President Tito specifically stresses the existence of friendly relations between Greece and Yugoslavia within the framework of inter-Balkan cooperation. [Text] [Athens Domestic Service in Greek 1130 GMT 20 Jun 79 AT]

BANK STRIKE INTERIM MEASURES--In order to better serve the public which has dealings with banks, the Ministry of Coordination today announced that as from tomorrow, 10 July, a number of measures will be implemented. Farmers will be served by cooperative societies for the outstanding orders for the collection of wheat. Also, other people who have dealings with banks will be served by Post Office Savings Banks for pressing needs of withdrawals of money from their bank accounts. Furthermore, all branches of the Bank of Greece in state cashiers offices will operate by replacing striking employees with cashiers from the Ministry of Economics. In addition, the government has given banks permission to hire contract employees whose employment had been planned but had been subsequently canceled because of the government's prohibitive measures. Also, in order to facilitate the situation concerning hiring, other experienced employees or retired employees may submit applications for employment. Finally, the supplying of cash and foreign exchange to banks by the Bank of Greece will be fully restored and state instructions for payments will be fully guaranteed. [Text] [Athens Domestic Service in Greek 1700 GMT 9 Jul 79 AT]

CSO: 4908

'IL BORGHESE' COMMENTARY ON SALT II

Milan IL BORGHESE in Italian 20 May 79 p 147

[Article by Francesco Cavalletti: "A 'SALT': Then What?"]

[Text] After almost 7 years of negotiations and several hundred meetings and talks, Carter was finally able to announce last week that the Strategic Nuclear Arms Limitation Treaty (SALT II) was at last complete and that he would sign it at a summit meeting with Brezhnev. The announcement was made without an excess of fanfare nor too great a display of triumph.

IL BORGHESE's evaluation of SALT II, expressed during the negotiations, has been marked by the most circumspect and less than optimistic reserve. No new element has supervened to change this opinion. SALT II contributes nothing to disarmament. It is simply a reciprocal authorization between the USSR and the United States to arm themselves, to maintain until 1985 a massive quantity of nuclear launchers of various types totaling 2,250 units for each of the parties--enough to destroy all of humanity several times over! Peace therefore continues to be based on the tragic balance of terror, as the two superpowers renege on the nuclear disarmament commitments they undertook 10 years ago, when they requested and obtained that many countries renounced forever possession of atomic weapons. That renunciation was to have been the start of a general disarmament. Instead, the two superpowers have perpetuated their monopoly over the most destructive and powerful of weapons, exacerbating the discrimination between "the haves and have-nots" and making it ever more unbearable.

Even if SALT II is to be viewed merely as a brake upon the armament race pending more comprehensive agreements, the imbalances it contains, far from strengthening security as it should, renders the latter more precarious. According to the terms of the treaty, the USSR retains the well-known superiority of power and range of its gigantic missiles, while the United States, which has always relied more on sophistication than on the size of its weapons, loses, in accepting the SALT II restrictions, the advantages of its own much more advanced technology. According to some American military experts, the Soviet missiles, whose deflagration is capable of devastating vast areas and of penetrating in depth, are capable of destroying enemy missiles even in the most protected silos. There is therefore the danger

that, in a parity situation such as that established by SALT II, a Soviet surprise attack could destroy the greater part of the American land-based missiles, reducing the retaliatory reaction of the surviving nuclear weapons to limited and hence "acceptable" levels of damage from the air and from the sea--which, if true (and we sincerely hope it is not), would completely annul the value of the American "deterrent." That this danger is, however, not just imaginary, is indicated by the fact that the American government has had to begin development of the MX mobile missile, which is to be deployed via tunnels to foil enemy surveillance and survive the attack. However, the MX program will entail huge expenditures, and this substantially redimensions the so greatly extolled economies that were to result from SALT II.

As regards Europe, SALT II, which the Italian foreign minister hastened to laud in dithyrambic terms, leaves it exposed to graver perils. The American nuclear "umbrella," in the stalemate created by SALT II, appears less and less credible and, in its absence, there looms again in all its foreboding the practical inexistence of European nuclear defenses against the vast Soviet nuclear array. To offset the negative consequences of the treaty in Europe, it would be necessary to adopt measures that are as yet in the distant planning stage (reinforcement of NATO by means of the neutron bomb, cruise missiles and Pershings 2). However, Carter's intention of proceeding soon to a SALT III of European disarmament leads us to doubt that those measures will ever be realized.

Assuming these are some of the negative technical characteristics of SALT II, the question still arises, however, as to whether SALT II may not nevertheless represent in general terms a concrete factor of detente. Here again the response is negative. The USSR, it is true, has recently made a few concessions to human rights with the exchange of dissidents for Soviet spies and with some minor relaxations of restrictions on the emigration of Jews; but these are expedient, propagandistic and, on close scrutiny, ephemeral concessions. As a result of SALT there is, on the part of the Soviets, not the least intent to change their aggressive policy in Africa and Asia. Moreover, in negotiating SALT II, Carter constantly asserted he did not want to interpose any connection or interdependence between the technical nuclear agreement and other political issues. He therefore got exactly what he was asking for, that is, SALT without any guarantee of a detente.

Such being the content, the implications and the outlook of SALT II, it is not surprising that in the American Senate there are strong currents against ratifying it. Carter, Vance and Brzezinski, who are already in the process of a drive to obtain its ratification, affirm that the treaty, imperfect though it may be, is still better than nothing--still better than an uncontrolled, unlimited and extremely costly nuclear arms race. They add a word of blackmail to the effect that now that SALT has been concluded the Senate would take on itself a tremendous responsibility if it refused to ratify it, thereby making the United States appear as the promoter of the

arms race. These arguments invite the response that if it be true that an arms race is tantamount to a catastrophic waste of resources and a menace to peace it is equally so for the United States and for the USSR, and that it is this mutuality of interests which should provide the basis for reaching true, equitable, balanced and controlled disarmament agreements. SALT II does not seem to be in keeping with these criteria.

The battle for ratification, in which Carter is frenetically engaging, convinced that his reelection is at stake in Salt II, will be vicious and dangerous for the president. It is highly probable that the Senate will not ratify it simply and as is, but that it will demand either that the government renegotiate the treaty, or, what is even more probable, that it provide adequate strengthening of the defenses of both the United States and of NATO in Europe to compensate and repair the damages brought about by this treaty. The latter would perhaps be the "best among the poor choices" for a solution--a means of effecting an emergency repair without, on the one hand, producing the trauma of rejecting a treaty that has been signed by the president, while providing, on the other, for the essential exigencies of Western security which SALT leaves wide open and which are nevertheless compelling and cannot be put aside.

9238

CSO: 3104

MILITARY UNPREPARED TO COMBAT 'URBAN GUERRILLA WARFARE'

Milan IL BORGHESE in Italian 20 May 79 pp 145-146

[Article by Tommaso Argiolas: "The Wrong Army"]

[Text] Since 1945, the Armed Forces have intervened massively only once to maintain public order. This was in 1948, following the attempt on Togliatti's life. On that occasion units came out of their barracks, garrisoned cities, and bloodlessly reoccupied those northern cities that the police were unable to keep under control. At that time not much thought was given to laws relating to the use of drafted personnel.

After that, the Armed Forces had been excluded from any intervention. For many years they seemed to efficiently make up for the lack of order brought about by strikes; then it became evident that strikes seemed to attain their goals without the moderating presence of the state using units and equipment of the Armed Forces. In the sixties, attempts were made to create, within the Armed Forces, an organization which included departments and study, command and training centers to deal with guerrilla warfare. This brought about the reaction of certain parties, and the party in power at that time authorized and tolerated the immediate dismantling of this force by the army chief of staff, who was then getting ready to be promoted to a higher position with the blessing of the opposition parties. This author, in 1967, published a book entitled "Guerriglia-Storia e dottrina" [Guerrilla - History and Doctrine], which closed by saying: "The preparation of the Armed and Police Forces for this kind of struggle, in those countries which host opposition parties, is often publicly attacked, as it is also in parliament, as though it were of a provocative nature aimed against internal and external peace. The reality is that very often the opposition, already clandestinely prepared to conduct guerrilla warfare for the eventual triumph for force of its ideology or to support ideologically friendly armies in case of international conflict, cannot swallow the fact that the Armed and Police Forces of its own country prepare themselves to face and suppress guerrilla warfare. It stands to reason, therefore, that they hinder, in every way, this aspect of military defense preparation. But is in the very behavior of these opposition parties that one must find the confirmation of the latent danger.

It is therefore futile to attempt to cover up this type of defense with use-
less secrets. It is better to bring it out in the open and resolve it,
inasmuch as it aims only to discourage those who wish to conduct guerrilla
warfare against their own country.... This subject is also closely related
to the defense of our country."

Naturally, this author was the target of many harsh criticisms on the part
of the press of certain parties, perhaps because he saw, or was seeing,
into the distant future.

What is the present situation of the Armed Forces in this field? One can
answer with absolute certainty that they are unprepared to face this type
of warfare.

The Army, the Armed Forces, are equipped with weapons used to fight a
"war," not "urban guerrilla warfare." To withdraw personnel from the
already depleted operational units of the army and use them to protect
party offices or buildings of general public interest would mean to further
reduce the combat effectiveness of the aforementioned units. It is well
and good that they remain intact, ready to react on a large scale, un-
hindered by any law limiting the use of draftees, in the event that the
authorities responsible for the survival of the state and maintenance of
civil peace deem necessary their "determined and resolute" deployment in
cases of internal threat. In the meantime, the military authorities should
finally make provisions to train units in guerrilla and counter-guerrilla
warfare, thus filling the significant wasted time the draftees are now
complaining about. It is training which requires time, and psychological
and physical toil. It is very probable that at the end of a day of such
training the draftees will not say that they had "wasted time."

At those times when the reinforcement of manpower levels of the police,
the Carabinieri or the Finance Guards becomes necessary, one can resort
to the call-up of former Carabinieri, former policemen and former
Finance Guards to be employed in office jobs, which today comprise a very
high percentage of the forces of [public] order. If this measure proved
to be insufficient, it would be possible to recall citizens into the Armed
Forces for the formation of cadres which, after specific and qualified
refresher training, could be used for the protection of structures of
public interest or other terrorist objectives.

In the meantime, let the Armed Forces also train intensively, once and for
all, in guerrilla and counter-guerrilla warfare to constitute, by their
mere presence, the "deterrent" element against those who would risk other
adventures and the "determining" element, in case they were to be called
upon to act in order to "resolve."

They should, however, avoid their "piecemeal" use without proper prepara-
tion, impelled by the emotional pressures of recent events. The use of
the Armed Forces as guards, as security for public installations, or for

other similarly related tasks causes the weakening of units and lowered morale among the troops, and favors the work of terrorists, who will face for extended periods of time elements not properly attuned to that particular kind of warfare. The military are trained to make use of weapons issued to them: tanks, cannons, missiles, heavy weapons. To be involved in antiterrorist activities without being able to use weapons issued to them which are the "raison d'etre" of their existence means the admission of chaos and the division of responsibilities in the struggle against terrorism. This problem must be confronted by the security services, the forces of order, the legislature and, in particular, by the joint will of the political elite. In this phase, the Armed Forces must represent a "reserve" which will protect the forces of order against any unmanageable surprises, as well as their indirect protection from destructive phenomena of great danger aimed against civil peace and the stability of the democratic system. The military heads should remember, also, or [at least] be aware that the fragmentary, diluted, uncertain use of the Armed Forces in situations involving prolonged internal tension brings about the politicization of officers and enlisted men, with results often unwelcome by those politicians who requested their illogical, and also uneconomic use to begin with.

9209

CSO: 3104

INDUSTRIAL DEVELOPMENT TO INCREASE ENERGY CONSUMPTION

Rome IL SETTIMANALE in Italian 6 Jun 79 pp 70-71

[Text] There is no way for a country like ours, with some 2 million unemployed to find jobs for, to cut back on energy consumption. Making the argument in this article for IL SETTIMANALE is Renato Altissimo, 39, former vice president of Confindustria and now deputy secretary and head of the economics section of the Italian Liberal Party (PLI).

If you were to superimpose an energy map of the world on a map of its industrialized areas, you would see that in only a very few marginal cases do production and consumption form a tidy fit.

Looking back, we in the industrialized countries would have to admit that it took a whole lot of nerve for us to stake the future of our society on the crucial continuing complicity of a monopoly (the producers) which, upon discovering one fine day that it had an extremely valuable commodity (oil) to sell, could toy at will with that future simply by opening or closing a valve on an oil well or, with the stroke of a pen, by changing the price of crude oil (on what is currently known as the Opec price list).

Yom Kippur

We first awoke to the existence of the problem in 1973, at the time of the Yom Kippur crisis, when the Arab countries used the oil weapon against the industrial West, deemed collectively guilty of sympathizing with Israel. Perhaps it took that shooting-war experience to make the producing countries realize what a truly formidable weapon they held in their grasp. The consequences were all-pervasive: redistribution of world currency reserves, aggravation of the industrial countries' trade deficit, unheard-of trade surpluses for the OPEC nations, total disarray

in the world monetary system, inflation, and stagnating production. Since basically the disturbing effects of the hike in crude oil prices were pretty evenly distributed among the several energy consuming countries, the industrialized world was, basically, maybe a little bit poorer, but certainly no wiser.

Iran

The evidence of this can be found in the experience of the second oil crisis, the one touched off by the change of régimes in Iran but destined in fact to spread far beyond any direct impact of the event that triggered the situation we are only now beginning to cope with. The most obvious datum in this new crisis is the huge size of the price rise (around 30 percent), but even more important is the total disorder that prevails in the market. The fact is that while the earlier crisis gave rise to OPEC as a tool for disciplining producer behavior, this one simply leapt over OPEC's disciplinary fence, thereby generating unbelievable confusion. Basically, this works to the advantage of the multinational corporations which distribute the world's crude oil: the measure of their economic bonanza can be taken from their latest half-yearly reports, which reveal staggering profits. One need only think of the multi-billion-dollar overnight increase in the value of their inventories! The figures for production and consumption over those 6 months are not so very far apart, which would seem to indicate that the psychological factor and simple greed have more to do with the situation than any real shortage of product for sale which, as the figures show, is far from serious.

Who Uses More ETps

In any case, energy consumption has turned out to be stubbornly inelastic; governments in general have been complacent and improvident, and today all of us are doing a little crying over spilt milk (or oil), and we see no possible way out of the bind.

In the appropriate international forums, such as the International Energy Agency, they are squabbling over problems involved in curbing consumption in a quarrelsome contenance of conflict and cross-purposes which certainly is not helping to work out any clear patterns for relations with the producing countries. Every one of the parties involved seems to be following its own private scenario: the United States, armed with the deterrent of its might, also has the highest level of consumption in the world: 8.3 equivalent tons of petroleum (ETP), as compared with 2.5 for Italy and an average of 3.7 for the EEC as a whole. The U.S. is digging its heels in and refusing to negotiate with the producers (we must not lose sight of the fact that the increase in the price of petroleum products is gradually bringing alternative sources of energy into the game, and that their availability and

technologies are, for the most part, stamped "made in U.S.A.". The EEC countries went into the recent conference on 21-22 May at The Hague with widely disparate positions: not one was ready to make a commitment to working out a common line. This is understandable, since the requirements of the European countries are disparate, too. Italian consumption is 2.5 ETP per capita, while the EEC's as a whole is 3.7. What it all boils down to is that the buyers are disunited and concerned over problems that are different, when not actually conflicting, whereas the producers have but a single goal: getting the highest possible price for their oil (and the limits to that "possible" are not yet in sight). No matter which way we look at it, there are not many options open to the consumers: either cut back on consumption and see what happens, or work harder and better to make their exports cover the increasing impact of oil imports on their payments balances. The solution most certainly lies in a mix of these two approaches.

Here At Home

This overall picture enables us to do some thinking about the situation here at home, which displays a number of highly specific features peculiar to Italy. Italy is in fact the most dependent on oil imports of any of the European powers; worldwide, it is second only to Japan. At the same time, Italy's per capita energy consumption is the lowest in the EEC; while it does not yet have a fully developed economy, it has (officially) 1.6 million people out of work, and therefore has a lot of growing to do, which means consuming more energy even as it strives to cushion the percentage impact of oil imports on its gross domestic product (GDP).

In Italy, the problem is being dealt with now in the already familiar Nicolazzi Plan; but before we get to that I think we ought to pause a moment to consider the utter shiftlessness of the government we have had up to now. We got our fingers burned in 1973. It took us years to come close to getting over that setback, and now here we are, 6 years later, right back on square one.

Improvvidence

So far, the fecklessness of our governments has been displayed by: lack of concern for diversifying energy sources; failure to aim at sound industrial development and at fostering innovative, non-energy-intensive sectors; opting yet again, in PL 675 (the industrial restructuring and reconversion act) for the old no-win strategy of propping up floundering sectors of the economy without even noticing that the sectors in deepest trouble are often the heaviest users of energy: just look at

steel, for instance, or even better, at aluminum; and taking no measures to stop waste or to put some order into energy utilization.

The government has indeed adopted a policy, a price policy, chosen partly because it allowed higher profits for producers, but primarily because it yielded enormous tax revenues for the state. The market, however, turned out to be markedly insensitive to the pressure of higher prices, except at times when rising prices coincided with real recession.

Today, with prices already sky-high, consumption has begun growing again, and shows signs of really taking off.

What To Do About It

If nothing that has been tried so far has done any good, what ought we to be doing? That is a legitimate question, and we are duty-bound to answer it now, even though this may not be quite the "proper time."

For Italy to fall in with the proposal to cut energy consumption by 5 percent from last year's level would be sheer folly. To achieve that result, we should have to cut back on current consumption by about 12 percent, and that is simply a technical impossibility.

Our country still has to develop, and that means that it is going to consume energy (or at least we hope it is) in ever-increasing quantities. Our present level of currency reserves would seem to make that feasible.

We should forget about upping gasoline prices because we know that, barring fabulous hikes -- on the order of 500 lire per liter -- price increases won't bring down consumption, but will spread their nefarious inflationary effects throughout the whole of the nation's economy. The price of gasoline must instead be adjusted to bring it into line with international levels, by way of guaranteeing supplies. The resultant price must, however, be kept under government control, to make sure that the consumer is not made to bear the full cost burden of go-go stockpiling due to the lack of a ceiling on retail prices.

With supplies thus guaranteed for the short haul, Italy must adopt its own independent policy of eliminating waste, regulating use, and developing alternative energy sources. These three aspects must go together, and overall can achieve significant results, both in the percentage impact on the GDP of energy consumption, and in the area of energy dependence.

The so-called Nicolazzi Plan spells out some of the options in a fairly broad range of possibilities: of course, some of them are just no good, some are acceptable, and some are not even worth suggesting: we are just to pick one, and do it. When it comes to the "do it" part, though, we might very well get bogged down. This time, we simply can't afford to: the energy variable must become a permanent factor in plotting the design of our economic development.

One basic thrust must be to channel research toward clean and renewable energy sources, from which we may expect some significant relief.

As for nuclear power, we shall have to decide: we Liberals favor extreme moderation, and we intend to limit construction of nuclear power plants to the indispensable minimum, with a lively concern for wastes and to establish very cautious procedures for licensing and technical guarantees on plant construction. The bill we introduced in the last session of the legislature was designed specifically to safeguard the lives and health of citizens and to enable us to move swiftly in the nuclear field.

Deep down, although we are not exactly nuclear buffs, we must admit that even where there have been serious incidents, as in Pennsylvania, actual damage was quite minimal. The technologies have thus proved to be both safe and sound.

6182

CS0: 3104

STORTING APPROVES OIL DRILLING NORTH OF 62°

Solid Majority Backs Drilling

Oslo ARBEIDERBLADET in Norwegian 26 May 79 p 7

[Text] Storting voted by a clear majority in favor of starting drilling for oil off northern Norway and North Trondelag. Five representatives voted for a motion by Hanna Kvanmo (SV [Socialist Left]) opposing the start of test drilling during the current parliamentary period. They were the two SV representatives, two Liberals and Labor member Lyder Nilsen, a fisherman from Troms.

Lyder Nilsen also expressed his skepticism about this in a speech. He shared the views expressed by fishing organizations in northern Norway.

A motion by the non-socialist center parties to postpone the start of drilling until next spring was rejected 92 to 26. The Christian People's Party and the Center Party got support for this motion from the Liberals, SV and Georg Apenes (Conservative).

The majority voters came from the Labor and Conservative parties. And after yesterday's debate Statoil's administrative director, Arve Johnsen, said to ARBEIDERBLADET: "Now we can start pushing the buttons so we'll be ready to start drilling in 1980. We should be able to do that."

Drilling May Begin Next Summer

Oslo ARBEIDERBLADET in Norwegian 26 May 79 p 7

[Text] Oil drilling can get started off northern Norway and Trondelag by next summer. That is obvious after the resolution in Storting yesterday evening.

ARBEIDERBLADET has learned that the first 20 blocks off Troms and West Finnmark and the six on Halten Bank off Trondelag will be offered for bids early next month.

The oil companies will be given a time limit of 50 days and a great rush is expected by companies eager to take part in the search for oil in this area. However the formal distribution of blocks will not take place until just after New Year's. The intention is to assign two blocks off northern Norway and one off Trondelag at that time.

The Ministry of Oil and Energy will hold thorough discussions with the oil companies, the Oil Directorate and fishermen before a decision is made about which block to start with.

Statoil and Hydro to be First

Oslo ARBEIDERBLADET in Norwegian 26 May 79 p 7

[Article by Willy Olsen]

[Text] The expectation in political circles today is that Statoil and Norsk Hydro will be given operating rights to one block each off northern Norway while Statoil or possibly Saga Petroleum will receive operating rights off Trondelag. It is clear from the preliminaries that Norwegian companies will play a central role but it is now thought that Saga has more limited resources than the other two companies.

Storting debated oil activity north of the 62d parallel again yesterday. Storting has done this many times since 1971. It is almost 10 years since the Korvald government made the first proposal to start drilling off northern Norway and the Korvald government thought 1971 would be a good time to get going. There is now some prospect that the first drilling rigs will sail north next year.

The actual debate in Storting was quite peaceful. Labor and Conservative speakers mainly favored starting next year. The Christian People's Party leaned toward 1981 because we would be better prepared then. A standpoint that led many to speculate over what could happen in the course of a year. No new safety equipment is anticipated at any rate. Lars Korvald of the Christian People's Party referred to having more time in which to educate people.

Most skeptical were the Center Party, the Liberals and the Socialist Left. Hanna Kvanmo (SV) said she thought it would be a long time before SV found the safety level acceptable.

Cabinet minister Bjartmar Gjerde in his introduction emphasized three main reasons for getting started. A long-range oil policy assumes that we have an overall view of the resources at our disposal. This overall view can be obtained only by searching for oil and drilling for it. New finds are needed to enable us to maintain an even oil production after the 1980's and the economic base would be strengthened. He pointed out that while drilling goes on it will provide jobs for 750 people, 500 off northern Norway and 250 off Trondelag. Most of the jobs will be on the drilling rigs, as well as on supply ships and relief ships but a small number will be available on land.

Energy Minister Enthusiastic

Oslo AFTENPOSTEN in Norwegian 26 May 79 p 2

[Article by Oil and Energy Minister Bjartmar Gjerde]

[Text] Yesterday Storting discussed the government proposal dealing with petroleum exploration north of the 62d parallel. This brings us an important step closer in our work to open up our part of the continental shelf. It has been a long race with hard laps and many changes. The Borten government said in 1970 that "the summer of 1971 would be a good time to begin searching for petroleum north of the 62d parallel." Since that statement was made the proposal has been repeated at regular intervals by changing governments and just as often the final decision has been that it would be better to wait.

It is difficult to say directly what prospects will open up when oil activity starts in the north. There are two things in particular that make the picture unclear in my view. In the first place we don't know if oil or gas will be found, drilling alone will tell whether the predictions of the geologists are correct. In the second place there is uncertainty as to whether it will be economically and technologically possible to utilize any discoveries that may be made in the north. In the following article I will go into these two points in more detail and examine the prospects that emerge in this context.

No one can say for sure that the ocean floor north of the 62d parallel conceals reserves of oil and gas. What is known is that the geological prerequisites for finding petroleum appear to exist there. But test drilling is the only thing that can tell us for sure. And one of the motives for starting is to map resources, a central theme in our oil and energy policy. Considerations of rational social planning and allocation of resources call for the acquisition of an overall view of the possible petroleum resources on our northern continental shelf.

This goal has gone hand in hand with a desire to let the northern parts of our country share in the positive effects that have followed in the wake of oil activity. Some claim that this argument is greatly exaggerated and it has even been said that because the district policy effect would be so negligible in the exploration stage we might as well wait to start oil activities north of the 62d parallel.

It is hard for me to understand this. If it is true that the positive effects would be insignificant on the district level that is still not an argument for postponing test drilling. The effects of the exploratory stage will not increase just because one waits 5 or 10 years to get started. However one thing is quite certain, namely that one cannot go over to a more permanent stage of petroleum activity without a preceding period of investigation.

No one has concealed the fact that the exploratory activity itself will be of minor significance. In itself it will not change the course of development for northern and central Norway. The exploration will represent primarily future hope.

Even though hope and faith are important enough for hard-pressed districts there will be some people who will find employment even in the exploration stage.

But of course not until profitable finds are made will really big prospects open up. Then oil activity could provide a fertile soil for more permanent activities in the northern districts that could act as valuable supplements to the existing economy and employment opportunities.

But here I arrive at the second uncertainty. It isn't easy to paint a clear picture of what could happen if commercial quantities of oil and gas are discovered in the north.

We can better understand the uncertainty if we compare the situation with conditions in the North Sea with regard to geology, depth conditions and environmental conditions. These factors will greatly influence the cost picture and the pattern of construction north of the 62d parallel.

It is commonly known that the depth conditions in the exploratory areas in question in the north are usually greater than those in the fields previously developed in the North Sea. The depths off Troms are in the vicinity of 175-350 meters and those off Trondelag are 225-300 meters. Fields now developed in the North Sea have gone to a depth of about 160 meters.

Environmental conditions north of the 62d parallel are largely comparable with conditions in the North Sea. The data we have indicates that the wave size scale for platform construction will be close to the wave heights common in the North Sea. And wind and current conditions don't

seem to differ much from those in the North Sea. The average temperature goes down as one proceeds northward which can result in longer periods of frost and sometimes icing periods.

Conditions on the bottom will differ somewhat from conditions generally characteristic of the North Sea in that the banks, e.g. the shoal areas, consist largely of coarse, unwashed moraine. At greater depths bottom conditions more closely resemble those in the North Sea.

In other words comparisons with the North Sea show us that there are both clear similarities and differences with regard to conditions in the north.

The government has initiated a comprehensive study to clarify all the possibilities that will confront us and the effects that could result from a situation involving construction and production in the north.

The object of this study is to provide the best possible basis for meeting all the challenges and eventualities in the north. We will have lots of time in which to marshal the facts and take the steps needed since it is unlikely that any oil field will come into production before 1990.

But oil activity can have positive effects on the districts even before that time. A study now under way, for example, is aimed at investigating how to increase the use of goods and services from areas north of the 62d parallel among others in the oil activities. I hope it will be possible to arrange things so that businesses in the districts up north can participate more in this connection, in the North Sea to start with but especially in the activities on the continental shelf north of the 62d parallel.

It is a very important political objective to maintain and reinforce the economic base and employment opportunities in the northern sections of our country. The fact that a majority in Storting voted to start test drilling in the north is a positive sign that there is at least no lack of political determination to achieve this goal.

Green Light for Test Drilling

Oslo ARBEIDERBLADET in Norwegian 28 May 79 p 4

[Editorial]

[Text] A protracted debate on oil activity north of the 62d parallel was finally concluded with a resolution Friday evening. A solid majority in Storting backed the government's plan to start test drilling off northern Norway and Trondelag next summer. Almost 10 years have gone by since the

Borten government first brought up the issue of exploratory drilling off northern Norway in Storting. At that time the Borten government thought 1971 would be a good time to get going. But the non-socialist center parties shifted their stand long ago and voted against 1980 in Storting. If it was absolutely necessary the Christian People's Party would go along with 1981 but several people pointed out that it was unlikely that any new safety equipment would be developed in the year the party wanted to delay test drilling.

Naturally enough safety has played a central role in the debate on exploration further north. No one will ever be able to guarantee 100 percent safety. In any line of work there is a risk of accidents that could lead to injuries of varying degrees. It will never be possible to achieve absolute safety in the oil industry either. If that became a requirement all the drilling platforms in the North Sea would have to be eliminated immediately. The important thing is to be as safe and as well-prepared for accidents as possible. All the experts believe that we should be in that situation by next year. Norwegian firms have taken the lead in developing safety and emergency equipment. Other countries have not had such strict requirements for preparedness. The British, for example, rely heavily on oil-dissolving chemicals.

Oil activities off northern Norway will not immediately create many jobs. There will be some jobs on land and more out on the platforms and on supply and relief ships. But it is hoped that the oil activity will have a circular psychological effect on economic life. Optimism can be contagious and it is known that even limited oil activities have an effect on parts of the economy. Drilling rigs need a lot of equipment that it would be natural to acquire in northern Norway.

There won't be a lot of jobs until any oil and gas fields that may be found off northern Norway are developed. It will take at least another 10 years if we are lucky enough to find deposits worth extracting. Test drilling will tell us if there is hope for this vision of the future. If we don't drill we will never know whether or not there are any resources off northern Norway or More/Trondelag.

A long-range oil policy makes it essential that we find out what natural resources are at our disposal on the Norwegian continental shelf. If we know there is oil and gas we can plan the future in a much better way. Norwegian authorities have clear reservations about what will happen when exploratory drilling begins. Development will not be automatic. Storting must decide that later on.

With the finds already made on the Norwegian shelf we could maintain a relatively steady production of gas and oil through the 1980's. A production of between 55 and 60 million tons of oil and gas. A production far below what Storting once considered a moderate tempo -- 90 million

tons a year. For many years we were afraid that this figure would be exceeded. Now we know that without new finds we won't ever reach that ceiling!

Skepticism about drilling off northern Norway is relatively widespread among fishermen. That is understandable. This is something new invading their territory. An oil blowout appears frightening and is too but a blow-out doesn't have to happen. And it should be possible for fishermen and oil companies to live with each other. The authorities are -- and have been -- in close contact with fishermen's organizations about the selection of sites where drilling should be begun. The oil people may have preferred other areas but fishing considerations have weighed heavily. In the future too there must be close contacts with fishermen's organizations when oil activities are under discussion. Fishermen will not be chased away from their fishing grounds but the ocean is big enough so that there should be room in it for an oil platform that cleans up after itself.

For many years the 62d parallel has been a concept, a barrier in Norwegian oil policy. In many ways an artificial barrier. The Storting resolution Friday evening removed that barrier and opened up opportunities for finding out what our resources are so we can plan the future sensibly.

6578

CSO: 3108

OUTGOING DEPUTY PREMIER VIEWS POLITICAL, ECONOMIC RECORD

Lisbon DIARIO DE NOTICIAS in Portuguese 8 Jun 79 pp 7, 10 LD

[Interview with Portuguese Deputy Premier Jacinto Nunes by Maria Gulomar Lima: "We Are Governing Ineffectively and Without Tackling Basic Problems"--date and place not specified]

[Excerpts] Political Situation Is Complex

DIARIO DE NOTICIAS: How do you analyze the present political situation?

Jacinto Nunes: I believe that it is complex. The prime minister has tendered his resignation, which will result in the government's dismissal. Up to the time of giving this interview, I have had no knowledge of the president of the republic's stance. If it is accepted, it will be followed, of course, by the formation of a new government. Whether the assembly is dissolved or not, somebody must govern the country. We are confronted with many factors, among which I will highlight four variables--the assembly of the republic, the president, the Council of the Revolution and the government. The government has tendered its resignation; the assembly has submitted a motion of censure, but, since the government is resigning, this in fact is meaningless. I do not know what will happen. The parties may even put forward a solution to General Ramalho Eanes which will satisfy the conditions which he lays down for the formation of a government with a stable majority.

As far as I am concerned, I will continue to insure whatever is necessary here, at the ministry. If the government had remained in office, I was determined to leave my post quickly. Under the present circumstances, I can see no possibility of leaving my office overnight.

DIARIO DE NOTICIAS: How do you view the possibility of the formation of a new government composed of independents with parliamentary support?

Jacinto Nunes: Well, we have already had two experiments of that kind. The first--that of Nobre da Costa--failed and was scarcely put into effect. The second did not go much further, although I believe that it succeeded in doing something positive. It is possible that there will be another experiment of this kind, and the dissolution of the assembly is also

possible. The prime minister told me that he made this suggestion to the president of the republic and that he would only agree to remain in the government if the assembly were dissolved. The president has not disclosed his stance so far, and it seems to me to be premature to make conjectures.

DIARIO DE NOTICIAS: How would you assess your 6 months in the government?

Jacinto Nunes: Well.... I will not say that I feel frustration, but I acknowledge that I have not done many things which I would have liked to do. I would like to adopt certain radical measures, and it pains me to acknowledge that we are governing ineffectively, without tackling the basic problems. I feel as if I were a fireman who extinguishes outbreaks of fire, without there being time to resolve the basic problems, which is what I would really like to do.

DIARIO DE NOTICIAS: Could you specify those problems?

Jacinto Nunes: The public administration, for instance. It needed to be reorganized, it needed very considerable modernization, but I did not have the time to ponder this problem. This has grave financial effects on its efficiency, and it is crucial, especially because the state now has a far more active role than it used to have. I believe that I have done something in this latter instance, although people have misinterpreted what I did. It has been said that I was attacking the public sector, which is not true. I was merely seeking, within the existing conditions, to make the public sector more efficient.

With respect to private enterprise, I also sought to do something, but it is more difficult in that area, because everything is extremely politicized. I had to make some decisions, which I regarded as extremely important for reviving the economy, of which the investment companies are an instance.

There was also the issue of the delimitation of the public and private sectors and the problem of compensation, which were also left unresolved. I have the impression that when the nationalization measures were effected, there was one aspect which was not properly considered: that it was necessary to pay for them. This is a problem with considerable financial impact which provokes many reactions, but the law exists and must be observed.

However, time and circumstances were necessary for me to ponder this problem and how to resolve it. These are delicate matters, and although there is a group working on this aspect at the ministry, I have not been able to follow its work, and I would like to do so personally, in order to encourage and help its activity.

DIARIO DE NOTICIAS: I believe that the overall state budget, in the form in which it was eventually approved, will create a considerable increase in the deficit. I also believe that in the talks already held with the IMF we had pledged not to exceed a lower limit. What will the consequences be?

Jacinto Nunes: The deficit in the current budget should increase by about 7.5 million contos and the capital deficit by another 1.5 million contos. So the deficit in the current budget should total about 14 million contos, and the deficit in the capital budget will increase by 1.5 million contos. This gives an increase of 8 or 9 million contos altogether, so the total deficit will increase from 91 million to 100 million contos.

Of course this will have implications in the negotiations with the IMF. One way to surmount this will perhaps be through the rates of execution [taxas de execucao] of the budgetary deficit, if the assembly authorizes this. The forecasts are of 96 percent for current expenditure. If we have recourse to the rates of execution, it will be 94 percent. Insofar as we succeed in reducing the negative deficit, I believe that there will be no very grave problems, and there will also be a reduction of two points in the rate of execution of the capital expenditure.

The Negotiations With the IMF and the Portuguese Economy

DIARIO DE NOTICIAS: I would be very pleased if you could review in general terms the situation with respect to the negotiations with the IMF.

Jacinto Nunes: The negotiations are virtually completed. There is even already a draft letter of intent. We were awaiting the conclusion of the debate on the budget and the resolution of the problem of the revision of the prices charged by public enterprises and fuel prices before signing it.

DIARIO DE NOTICIAS: So will the fall of the government have repercussions on the agreement and delay its signing?

Jacinto Nunes: The letter of intent is signed by the minister of finance and by the governor of the Bank of Portugal. It does not seem acceptable to me that an outgoing minister of finance should sign it, nor would the IMF, of course, accept such a situation.

DIARIO DE NOTICIAS: On the eve of leaving the post of deputy premier for economic affairs, how would you summarize the current economic situation?

Jacinto Nunes: In general terms, we have the fact that the balance of payments has greatly decreased in 1978, and we wanted to reduce it in 1979, but the international increase in prices is causing us some concern. That is why we have increased the wages ceiling from 18 percent to 20 percent. We are distressed by the problem of unemployment, and we are approving some projects, such as the iron and steel and Renault projects, in addition to other, more labor intensive projects, which, as a whole, should have an appreciable impact on increasing employment, directly or indirectly.

FOREIGN MINISTER VIEWS TRADE, ECONOMIC TIES WITH FRANCE

Barcelona LA VANGUARDIA in Spanish 22 Jun 79 p 7 (Special Supplement) LD

[Interview with Marcelino Oreja, Spanish foreign minister: "Marcelino Oreja: Spain, France and EEC"--date and place not given]

[Text] [Question] In discussing Franco-Spanish economic relations, Mr Minister, the first point of interest concerns mutual trade. The balance of trade between the two countries--traditionally favorable to France--has been registering a Spanish surplus for years. What is the reason for this change?

[Answer] It is true that Franco-Spanish trade has been registering a Spanish surplus for several years, and this is due partly to our exporters' dynamism and partly to the low rate of growth which the Spanish economy has been experiencing since the end of 1974--a fact which is reflected in less demand for foreign investment goods and semifinished products.

The increase in Spanish exports has extended to our relations with all the EEC countries. So this is a general trend. Although its impetus seems to have been diminishing recently, possibly as a result of the European recession and France's recovery, the rate at which imports have been covered by exports during the first few months of the year has remained favorable to Spain, but at a lower percentage than for the same period last year.

[Question] Together with trade, industrial cooperation and investments of Spanish and French capital in enterprises in other countries could be a highly important factor in the development of their economic relations. What is the present situation in this field? Are there prospects for cooperation between Spanish and French enterprises in third countries?

[Answer] Considerable results have been achieved in the field of industrial cooperation, especially in the aeronautical industry--both military and civil--but there is still a long path to be traveled--a path like that embarked on in 1972 with the purchase of mirage aircraft by Spain. This

cooperation--during the present stage of economic difficulties which the Western world is experiencing--should probably be sought in projects undertaken by medium and small enterprises, which because of their size are capable of responding rapidly to short-term opportunities, rather than in the large-scale programs of other periods. Likewise, cooperation aimed at third world markets has great potential and should be the object of particular attention.

With respect to investments, I wish to stress that a very large number of French firms have had subsidiaries established in Spain or been participating in enterprises with preponderant Spanish capital for years. This trend in investments is continuing, and this is proof of the confidence which the Spanish political and economic systems inspire among French enterprises.

In addition, Spanish investments in France, although they have only begun to develop recently, already total a considerable sum, especially in the southern French regions. Everything seems to indicate that this trend will be consolidated and will gradually increase in the future.

[Question] French tourism in Spain has constituted for years an important factor in Franco-Spanish relations, because of its repercussions of every kind, among which the economic aspect is prominent. How is the future development of tourism between the two countries envisaged?

[Answer] France constantly occupies the foremost position among the countries whose nationals visit Spain as tourists, since over a quarter of the foreigners who visit us come from France. This massive movement of people has served to bring the two peoples into closer contact and has thus helped dispel prejudices and historical deficiencies of information.

In addition, I wish to emphasize two ideas in this connection. In the first place, this French tourism in Spain is not a temporary phenomenon, but, on the contrary, displays a considerable constancy, which makes it largely independent of short-term vicissitudes.

Second, it must be pointed out that Spanish citizens are visiting France in rapidly increasing numbers, thus creating a reciprocal flow which is more desirable in the long term from every viewpoint than one moving overwhelmingly in one direction.

[Question] The negotiations on Spain's entry into the EEC having been started in February, Franco-Spanish economic relations are developing increasingly in light of our country's coming entry into the community. Certain French agricultural sectors, especially in the Mediterranean region, are expressing opposition to Spain's entry. Have you any comments to make in this connection?

[Answer] My colleague, the minister for relations with the EEC, could discuss the issue of the EEC in depth. I only wish to point out that Spain's entry into the EEC is a major political operation which will enable the new democratic Spain to play its proper role in the European community.

In my opinion, Spain's entry will strengthen the community's Mediterranean component--in which France has great individual interest--and will enlarge the EEC's economic area, partly counteracting the neoprotectionist trend threatening the West by opening up for the EEC prospects of closer cooperation with the two key areas of the present-day world--Latin America and the Arab countries.

CSO: 3110

AZCARATE: 'EUROCOMMUNISM IS ALIVE AND WELL'

Rotterdam NRC HANDELSBLAD in Dutch 23 Jun 79 p 4

[Report on interview with Manuel Azcarate by Eppo Jansen: "Spanish Party-Ideologist: Eurocommunism Is Alive and Well"]

[Text] Among the Spanish communists, Manuel Azcarate (62) ranks as the man who has been the most intensively engaged with the question of Eurocommunism. He is a member of the highest party organ and is charged there with foreign relations. Azcarate is a calm, thoughtful man who spent the greatest part of his life in exile and was always closely involved with the activities of the PCE there. After his departure from Spain at the end of the civil war he has always lived in France, except for a 3-year stay in the USSR at the time of Khrushchev, where he was engaged in research. After Franco's death he returned to his native country. The Spanish Communist Party, which obtained around 10 percent of the votes in the last parliamentary elections, ranks as the most "Eurocommunist" in the world. Following it are the Italian and French communist parties which proportionally have many more followers. Recent developments in the latter parties could have created the impression that they already find themselves "on the way back" from Eurocommunism, whether it be under Soviet pressure or not. Azcarate does not pursue that line of argument. According to him the ideas of Eurocommunism were "not only confirmed but also further developed" at the recent PCI congress. He reproaches the Italian press that, in connection with the election struggle taking place in the country, it tried intentionally to present the congress as "somewhat of a return to the past." "I believe that that is a misrepresentation of matters." According to him, in the PCF also there are signs which indicate some development of Eurocommunism. In that connection he refers to the book "The USSR and We" which appeared with the support of the

French party leadership and which, in Azcarate's opinion, "is highly critical." Azcarate recalls that in the past the USSR made attempts toward "excommunication of Eurocommunism" "A year ago very strong attacks were made on us, also on me personally. I have the impression that now, to say the least, there is a great silence. At present no attacks are taking place. I believe this is because it is difficult to fight our ideas in a Marxist debate. I don't say that we are right, but I do say that we have at least a high degree of logical cohesion in our views on today's world. My impression is that those attempts toward excommunication have turned against those who undertook them."

Question: Can you give your definition of Eurocommunism?

Azcarate: "I believe that Eurocommunism is a new concept of the manner in which a better society can come into being. A society which knows more freedom and social justice. The realization of it should be based on democracy, that is to say, with recognition of the multiformity of political life and the universal voting right.

"Eurocommunism also is a concept concerning a socialist system which, besides greater social justice, guarantees the most complete respect for all the freedoms in a human and political field, for diversity in the area of politics and ideology.

"Eurocommunism further can be seen as a new historical current which develops itself along with the West European points of departure already mentioned to offer a solution against the current crisis of the capitalist system in this part of Europe."

[Question] Is it correct that in your definition there is no clear-cut line between Eurocommunism and social democracy?

[Answer] "No, I believe that a clear line of separation does exist. Just look at what the experience has been with social democracy in Western Europe. I believe that for 80 years already the socialist and social democratic parties in various countries of Western Europe have been exercising government power.

"In my opinion a transformation of society has occurred in none of those countries in the sense meant by me. They have remained capitalist countries. The great economic decisions in the countries where social democracy is in power, still depend on a small oligarchy which dominates economic life. It is still a question of a capitalist system with private monopolies.

"Eurocommunism wants to change society precisely on these points. I believe that the current crisis of capitalism also means a crisis of the

solutions brought by social democracy. That is to say, the Keynesian approach, the care- and welfare state, -- all of it is experiencing a crisis.

"I believe that new solutions are needed for the problems. Eurocommunism is an answer there which differs clearly from that of social democracy. Something else is that the Eurocommunist concepts will not be able to be realized by Eurocommunists alone. It is a project in which we hope to come to joint actions of the European left -- primarily from the socialist- and social democratic corner. If not, then Eurocommunism would only be propaganda. What we want precisely is that it is a project which contributes to solving Europe's problems."

[Question] Could one say that Eurocommunism is the history of the desire not to be subject to corruption in the process of the exercise of power?

[Answer] "Yes, I believe that there is much truth in that. Therefore our project is perhaps that of socialism in a new era of history. You see, I believe that we are entering an historical period in which the decisions which have to be made by governments can no longer be compared to those by which in the past more or less small changes were brought about in a country.

"The development of civilization, of production, brings along that we must make great historic decisions. Currently there is a level of culture and a desire for involvement in people which are entirely new. I believe that those great decisions can be made only on the basis of large majorities."

Nuclear Energy

"Take the example of nuclear energy. At stake is a choice which can determine the future of every country and of humanity. You can not decide that with 51 percent of the votes. In that, agreement must be sought by a large majority so that the population of the countries of Western Europe makes decisions on its future in a conscious manner.

"I believe that this is part of the newness which Eurocommunism brings. Besides that, I believe it is a matter of a crisis of the state. The democratic character of a state should be expressed not only through elections every 4 or 5 years, but also through a greater involvement of the population in the development in its country.

"Therefore we say that Eurocommunism contemplates a combination of the representative democracy with new forms of direct democracy. I believe that in that manner we will arrive at a state in which there is less question of corruption by power, a state which is democratic in a new manner."

Not Dead

[Question] Not long ago an article appeared in the NEW YORK TIMES by Flora Lewis in which she wrote: "Eurocommunism gradually has been disappearing as a political force with interior cohesion."

[Answer] "Well, look, a few months ago I was in the United States. I was invited there for a forum on Eurocommunism. At the entrance hung a poster which said: 'Eurocommunism Alive or Dead?'

Much propaganda is made with the so-called death of Eurocommunism. We are of course a political movement and a project which are very unpleasant for a lot of people, including some very powerful ones. We are annoying. Of course it is nice then if you can say: 'It was nothing but a little propaganda, that Eurocommunism,' and that's that.

"Yes, if you take the line that Eurocommunism is a fixed doctrine and a tactic which should be the same in all communist parties, then it is very easy to say that Eurocommunism is dead. Everyone knows also that we have --sometimes serious -- disputes, such as now with the French Communist Party on joining the European Community. (The PCE wants Spain to join the EC, the PCF is against it, amongst others by putting forward the interests of French farmers. EJ [Eppo Jansen])

"But I will return to my original definition. Eurocommunism is not a tactic, doctrine or recipe which all parties should apply. It consists of some basic ideas including primarily that the relation between democracy and socialism is important. On the basis of those ideas, the various communist parties can go their own ways according to the circumstances they are concerned with. And I should like to say that, far from being close to death, Eurocommunism is a child which is still growing (. . .)."

Front

[Question] Would it make sense to form a joint program or front of Eurocommunist parties?

[Answer] "No, for that would mean that we are again falling into the errors of the past. One of the things which binds the Eurocommunist parties is precisely the desire for each party to be independent. What gives us strength is the dialogue between independent parties and in doing so to see if we can find common points.

"Take the Socialist International; that has a certain prestige as an international organization. But the contrasts between those parties in important problems are sometimes just as serious as those between communist parties. Take as an example the European Monetary System on which the German SPD and the British Labor Party take such diverging standpoints. I am not at all obsessed by the idea that because there now is a Socialist International, we must also form one front."

[Question] Would it ever be possible to apply Eurocommunism in Eastern Europe?

[Answer] "No, entirely different problems are at play there. The history of Eastern Europe is entirely different. If we direct Eurocommunism at Western Europe, it is because problems exist there which are very similar to each other. That does not mean, however, that our general ideas on what socialism should be in this period, and the meaning we attach to political and cultural freedom and to diversity in the area of ideology could not have influence on discussions elsewhere.

"One of the surprises I had recently, is the interest which exists for Eurocommunism far away from Europe, such as in the revolutionary groups of Africa or the Arab world.

"I have wondered what the reason is for that. I certainly do not believe that our strategy has validity for those areas. Perhaps the interest for Eurocommunism over there springs from the fact that it combines two elements which are very current.

"On the one hand the necessity to change certain social structures, such as making an end to the continually stronger domination of economic life by a few oligarchic centers of power, and on the other hand the idea that the world must not be controlled by two superpowers -- that one has to go toward a democratization of international society."

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FRAGA IRIBARNE DISCUSSES DANGER POSED BY PCE

Madrid BLANCO Y NEGRO in Spanish 13-19 Jun 79 pp 21-25

[Interview with Deputy Manuel Fraga Iribarne in Madrid, by J. L. Aguiar; date and place not given]

[Excerpt] [Question] Mr Fraga, have you attempted, as has been said, to capitalize to your political advantage on the popular indignation created by the recent attacks in Madrid?

[Answer] I have not sought to capitalize on anything. I have only sought to describe. Sometimes the Congress of Deputies gives the impression that it is dealing with the affairs of Lilliput, or some other imaginary country, and not our own. I took to it what was being said in the streets. The representatives have this obligation precisely--to state there what the man in the street is saying and thinking, so that his sufferings will be represented there, and on the other hand, to act as a kind of agent for answers to his legitimate questions. Naturally, those individuals who in their day have sought to capitalize on such absurd acts as amnesty for terrorists now call it "capitalizing" or "deriving advantage" when someone speaks the truth. This is a very serious error which reveals the irresponsibility of some politicians.

[Question] What would be the point of departure for undertaking an analysis of terrorism?

[Answer] Terrorism, unlike popular movements properly speaking, is the result of actions by minorities, very small, well-organized minorities, which almost always act as a part of multinational terror organizations. Precisely for this reason, unlike a movement of discontent in a whole zone because of too much unemployment, lack of resources or lack of land, terrorism is a phenomenon for which there is only one diagnosis: it must be located, isolated and eliminated.

[Question] Are you convinced that there are foreign countries interested in destroying stability in the Spanish political situation in preventing the consolidation of the democratic system?

[Answer] I believe that there is much abuse of the subject of democracy and the possible destabilization of it. There are problems which go far beyond the government system. The government system can be one thing or another and the international interests in a territory may coincide. Thus, I believe that this is an erroneous approach. Geopolitically, Spain is an important part of the European and world structure. Its position on the Mediterranean, flanking the Straits and opposite the northern part of Africa, and the passage of the key oil tanker and submarine routes through this geographic area are of extreme importance. Therefore, I am convinced that these international influences to which you refer--not only countries, but governments and certain departments of certain governments--do in fact have something to do with the terrorism. There is a fact which is fully documented and that is that there have been terrorist training camps in North Africa, and it is known that certain broadcasting stations, also in North Africa, have been encouraging terrorism in the Canary Islands, for example. And with regard to one of the countries involved, I have asked--twice!--that relations be broken off. On the other hand, there have for a long time been reasons for doubts about Cuban activities in Africa. How far do they go? Where do they stop? These are subjects which others must clarify, but that there are countries operating outside their frontiers to promote revolutions is a well-known fact. Now apart from this, it would be absurd to say that this kind of movement does not have centers and those who carry out its policy within the country. And, naturally, there is the question of tolerance: Europe has not yet perfected an effective system of action in those countries whose frontiers allow the free movement of terrorists, and the tolerance of the French government in the south of France in this connection is another point to bear in mind.

Grave Suspicions

[Question] Do you believe it is likely that the leading intelligence organizations in the world--the CIA and the KGB--maintain some type of link with the armed Spanish groups, or go so far as to manipulate them to their own advantage?

[Answer] These services, by their very nature, are secret, and it is very difficult to know what goes on in them, but the application of the frequent norm used for judgment, based on the question of who benefits, would exclude from the field the US intelligence services, while on the other hand throwing serious suspicion on the East European departments, including that you have just named. I believe that the Eastern countries have oriented their departments toward Spain, the importance of which, should it join NATO, is of the highest order, and there are reasons to believe that further investigation into this subject would be necessary. But I propose to speak about this in the parliament in the relatively near future, and for now I have nothing more to say.

[Question] Socialist Deputy Felipe Gonzalez, during his address to the last plenary session of the congress, raised a doubt about the real intentions of those who condemn the terrorist actions, asking if they might not actually be

behind them themselves. Do you believe this? Do you think that any legal political party could be ideologically or materially encouraging terrorist groups or extremist movements?

[Answer] I must say quite frankly that this speech by Mr Gonzalez at the last plenary session, perhaps because of the circumstances under which it occurred--which are really not the most advantageous for the Socialist party--was not such a good thing. In any case, whatever the target others choose, I personally have very serious doubts about what was suggested there and I think--so long as there is no evidence to the contrary, naturally--that there are two very effective movements here, the ETA [Basque Fatherland and Liberty Group] and the GRAPO [First of October Armed Revolutionary Group], and all the rest seems to me a matter of amateurs. In any case, Mr Gonzalez must answer for his own statements, and I have no further comments to make.

[Question] Very well, Mr Fraga, I will ask you a new question. On the basis of the fact that terrorism makes possible the achievement of efforts at political reversal, don't you think that the extreme right-wing might benefit politically from the resurgence of armed actions?

[Answer] I believe that terrorist actions benefit no one. No one! Not even the terrorists themselves. Terrorism is an absolute evil, an evil in itself. It pursues irrational violence, without even selecting the victims. Those who placed the bomb in the California Cafeteria did not choose their victims. They did not even know whom they would kill! This is not good for anyone! Therefore, I personally believe that one of the consequences which may result is the reaction channeling matters toward the opposite extreme. What occurred as the result of terrorism in Brazil, Uruguay and Argentina? Well, it ceased to serve the political and social purposes of those who carried it out and led to an absolutely unwanted situation. But this irresponsibility was on the part of the terrorists. No one else.

[Question] Allow me to digress a moment from the subject, since we have mentioned Felipe Gonzalez, in order to ask you what importance you ascribe to his withdrawal from the Secretariat General of the PSOE [Spanish Socialist Workers Party]?

[Answer] Well, I believe that this is precisely a parenthetical consideration. I believe it is necessary to await what happens at the next Socialist Party congress. I believe the only doubt there can be is as to whether Mr Gonzalez acted properly or not in raising the matter of confidence so late. Perhaps if it had been raised before...then it would have been possible to win then, and these "parenthetical" months as I have said could have been avoided. In any case, I continue as always to believe they need the moderate, social democratic Socialist Party. It has no need for a Marxist socialist party. This role is already being played perfectly by the Communist Party. And I believe that the sooner the party makes itself national, in order to do which it must abandon certain subjects in international politics which distinguish it from the other European socialist parties--such as its opposition

to NATO, and the sooner it makes itself clearly social democratic, the better it will be, for the Socialist Party and for Spain. I believe that Don Felipe Gonzalez has this intention, that he is moving in the proper direction, and for the rest it is not my role to give him advice.

Vigilance with Regard to the Communist Party

[Question] Let us return to the initial subject, Mr Fraga. Do you believe that democracy can face up to terrorism within constitutional procedures?

[Answer] You see, answers to questions of this kind cannot be made in an abstract context but require a real context. There are democracies, such as in Germany and in England, which have been able to answer this. There have been others, for example in France, which failed to do this during the Fourth Republic but succeeded during the Fifth. Italian democracy is incapable of responding and ours is currently giving no impression of a great capacity to respond. But this corresponds to the political methods used and the responsibility falls to the government. There is nothing in the democratic system which prevents dealing with terrorism. What is not possible is to resolve the problems with a weak, mild interpretation of democracy, when there is also a strong version of democracy.

[Question] In your view, what steps would have to be taken to combat this most disturbing phenomenon?

[Answer] Everyone knows--because just as there are manuals for terrorism, there are manuals for combatting terrorism--what steps must be taken! What is needed is the courage to take them. What must not happen is what happened the other day in the Congress of Deputies, when two deputies, one of them a UCD [Democratic Center Union] minister, said what they had to say about this matter, and then proceeded to attack the head of the government. Well, when a government functions on the basis of complexes and doubts, then these steps are not taken. Any civil guard captain, any inspector knows what they are! What is needed is to put them in practice!

[Question] Has your opinion of Santiago Carrillo changed since that day when you introduced him at the 21st Century Club and, finally, has your opinion about the Communist Party changed?

[Answer] No. It has not changed. I believe that the PCE is a communist party like all the rest in Europe, and that "Eurocommunism" has become a tactic which is now on the wane. I believe that its links with the great world undertaking of communism, always directed from Moscow, is real, and there has been considerable evidence since the change in the Soviet ambassador here of development in this direction. I think, finally, that its campaigns are for universal domination. Mr Carrillo continues to be a dedicated communist and the PCE continues to be communist party pure and simple. For this reason I believe that it is very dangerous and that vigilance is needed with regard to all its activities, including its relations with the Soviet Embassy. I believe that nowadays the PCE is a part of a great multinational revolutionary force and that all the rest are palliative and tactical issues.

Institutions Like the Military

[Question] What is your impression of the administration of Lt Gen Gutierrez Mellado?

[Answer] Lt Gen Gutierrez Mellado, first deputy prime minister for defense and security affairs, does not seem to have had any success in this second field. It will always be a debatable issue whether it was proper to link these two fields or not, but since this was done what cannot be said is that the army has nothing to do with security problems, since these matters have been joined under a single command. I believe that his administration has not been good, that his handling of the matter of the promotions recently was a truly scandalous affair. There are parliamentarians who ask now promotions could be made in violation of what the law provides, that they must be made when there are vacancies. The decrees say that they did occur in connection with vacancies, but those vacancies did not exist! In a word, I regard his administration as negative and I believe that to keep on an individual who does not enjoy the confidence of such an important body just now is not exactly a wise thing.

[Question] What is the morale of the army at the present crossroads?

[Answer] Well, I believe it is very good, that it is even exemplary. What is happening is that the repeated attacks which have occurred and in addition this handling, unwise in my view, of the promotions to the highest levels of the military hierarchy have caused concern and worry. But precisely because there are these reasons for concern, the way in which the army has maintained itself makes of it an exemplary institution and a great hope for the country. Would that all institutions were functioning as the military institutions are!

[Question] Don't you believe that an open war on terrorism led by the army could create an unstable situation such as dangerously to increase the possibilities of a coup d'etat?

[Answer] No one has suggested such a thing, nor do I believe that anyone will! What is suggested is simply that use be made of the means for which the constitution provides, including the three "states of emergency." One of these is martial law, in which the responsibility in the realm of public order falls to the military authorities in certain zones. This does not mean "an open war led by the army," as you put it. It is solely a matter of using the constitutional resources. And if it is necessary to declare martial law in Guipuzcoa, or in any other city, let it be done, as it has so many times in Spain and elsewhere, and that is all. In fact, I believe that there are situations in which this may be the lesser evil. And this involves no risk of a coup d'etat. It is designed to avoid it. Attempted coups come when, due to failure to turn to normal legal recourse, it becomes necessary to seek solutions outside the constitution.

Basque Autonomy

[Question] Do you believe that progress can be made with the draft statutes for Basque autonomy, as presented, without change?

[Answer] I regard this as highly improbable. First of all, because as always occurs with any draft proposal, it must be examined. In this connection there are the later procedures, and right now there are two months of study by the constitutional commission. Secondly, I believe that it contains things which are clearly unconstitutional. Thirdly, and to make matters more serious, it contains statements of powers which fall to the state, while these statements should be made by separate constitutional law. Finally, some of its authors insist on representing it not as a final solution to the problem but as a minimal and provisional substitute, when it could already and in itself be regarded as excessive by many standards. I do not deny that it contains other portions which can be regarded as useful and constructive. I do presume that it will emerge much improved, that is to say with changes of some importance.

[Question] Will approval of the statutes put an end to the problems in the Basque region, in any case?

[Answer] No, I do not believe that. It is a reasonable contribution to providing a solution to matters of autonomy, but the business of terrorism is completely separate from this and in no way depends upon it. On the contrary, the terrorist groups--both the military ETA and the Herri Batasuna, which is its political or civilian arm, as Mr. Monzon and Mr. Letamendia have recognized--is currently waging a campaign against the statutes, showing that this is not its goal. Therefore, either simultaneously or if possible previously, the elimination of terrorism must be undertaken, or the problems will continue to be exactly the same.

[Question] In other words the solution involves liquidating terrorism as a first step.

[Answer] That is what I said. I do not believe that anyone with common sense doubts that terrorism can lead--apart from the statutes--to something more than we have now--terrorist actions plus blackmail.

[Question] Do you believe that King Juan Carlos can play a key role in the consolidation of Spanish democracy?

[Answer] Yes, I believe he can. And more, I believe he has already done so and is doing so. I have always maintained that the hand of the monarchy has played a greater role in the consolidation of the democracies in European countries than the hand of the republic. This is what has happened in England, in the Low Countries, in the Scandinavian countries. And it is certain that in Spain, with all its limitations, democracy advanced much more effectively under the restoration monarchy than under the second republic. Obviously, the same thing can occur today and in fact it is occurring. Now then, what

would be unfair is to push too much responsibility on the king. Precisely for this reason, it is the obligation of the political parties to accept their responsibilities, so that they will not finally revert to the crown, which would be a complete mistake.

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CSO: 3110

BASQUE COUNCIL PRESIDENT INTERVIEWED, REGIONAL SITUATION DISCUSSED

Madrid BLANCO Y NEGRO in Spanish 13-19 Jun 79 pp 10-14

[Interview with Carlos Garaicoechea by Fernando Arbues; date and place not given]

[Text] Carlos Garaicoechea, president of the Basque Nationalist Party (PNV), was born in Pamplona 40 years ago. He is married and has three children. He has a degree in economics, and is a practicing lawyer. During the Franco era he worked on the advancement of the Basque language and participated in the creation of "ikastolas." He is a former president of the Navarre Chamber of Commerce and Industry, has been president of the Euskadi Buru Batzar, the highest party body, since 1977, and is the second president of the Basque General Council. Here he comments on his hopes on assuming this post, in an exclusive interview granted to BLANCO Y NEGRO.

[Question] Following the Basque Socialist Party "catastrophe" in the most recent general elections in the Basque region, and the rise of the Basque Nationalist Party, both on the local and regional levels, as well as in the Basque General Council, is there any prospect for an almost monochromatic nationalist party government?

[Answer] First and foremost, this phrase "monochromatic government" is a big phrase, because unfortunately the Basque General Council cannot yet be called a government.

[Question] What is expected of this preautonomy body, of which you are president?

[Answer] I have said many times that the Basque General Council cannot be regarded as a government. As I have said before, it is a tool for the transfer of authority to the country. It is a unique body, with no government connotation, insofar as real authority exists, but it has an important administrative function. And with all this, it is at the same time a body representing the political forces with influence in the Basque region, with real roots, and it has as its mission carrying forward work which should mean a saving in time in putting the statutes for autonomy into effect. For all of these reasons, to come back to the question, it cannot be called a government, but a preautonomy body. This term "body" is what we call those who will be government leaders when autonomy comes.

[Question] On the eve of appointment to this new post, what will your main battle horse be in the General Council?

[Answer] We will continue to exist in this form until a Basque government resulting from the Guernica statutes is formed. This government will differ substantially from the present Basque General Council. What we will deal with in the coming months is effecting a series of transfers of authority from the central authority to the council, which in no way makes it a government.

Herri Batasuna

[Question] In any case, does the General Council you head find itself crippled because the Herri Batasuna coalition is not represented in it?

[Answer] There is an English proverb which says you can lead a horse to water but you can't make him drink. We would have liked Herri Batasuna to participate in the Basque General Council, but if it does not want to, and it does not, in a somewhat inconsistent fashion it seems to me, since other local and provincial bodies in which it does participate have the same legal status--if it did not want to participate this is not the responsibility of the Basque Nationalist Party. In any case, the political spectrum found in the council has sufficient breadth and majority representation of the region that one can say it is rare to find in any government in any country such a broad majority in political representation. The General Council is hindered only in that it does not represent a hundred percent of the votes and the political will of the Basque region.

[Question] Is it possible to contemplate planned supplementary action by the PNV and its General Council and the Herri Batasuna, in connection with the negotiations to be pursued this coming summer and autumn on the Guernica statutes in the parliament? In other words, while one party negotiates on the parliamentary level, the other would maintain, as it has been doing to date, a hard line and a convincing pressure on the government in Madrid.

[Answer] I do not know if these two forces are supplementary, objectively speaking. In any case, their positions can complement one another in these and a thousand other situations which could be analyzed. What I would like to make very clear is that we disagree totally with the line pursued by the Herri Batasuna. Our political clashes in the region are frequent, public and notorious, and therefore the most distorted mind would not imagine the slightest agreement between them and us.

If the government in Madrid sees our actions as complementary, that is not our fault, but that of the Madrid government, which allows certain strategies to be nurtured as the result of the lack of action in political steps to date.

[Question] In any case, and when we speak of government, we recall conversations and negotiations pursued by your party in Madrid with the UCD [Democratic Center Union] with a view to bringing the Basque government in exile back to the region.

[Answer] In our view, the Basque government has the same significance it did several months ago. It will continue with its torch lit, its legitimate origins deriving from the last legal autonomy enjoyed by the region. The General Council will exist until there is a new internal constitution for the Basque region, until new autonomous statutes allow its replacement by another body comparable in its political significance.

Carlos Garaicoechea speaks slowly, measuring each word, as if wanting to avoid confusion or saying something he might regret.

[Question] Simultaneous with taking office as president of the council, you will assume responsibility for the justice and interior sectors.

[Answer] That is what has been said, but these two departments have been frozen, insofar as no transfer of authority to give them reality has been effected. Thus the office of the presidency will hold the implementation of this authority in reserve, but not the departments as such, for they have been suspended.

Statutes and Balance

[Question] What will the task of the Basque General Council be with regard to the Guernica statutes of which discussion will be begun in the parliament shortly?

[Answer] The Guernia statutes must be approved such and as they have been drafted. This is not a dogmatic position rejecting the change of so much as a comma, but what I mean to say is that there should be no effort to lower the level of the political authority these statutes represent. They are a supreme effort to strike a balance between the minimal aspirations of the Basque region for self-government and the political conditions which can in no way govern the negotiation of this self-administration. To the extent that efforts are made to limit the statutes this difficult balance we have achieved among the various political parties in the Basque region will be destroyed.

[Question] What are the differences between the Guernica statutes and those of 1936?

[Answer] I honestly believe that this is a better version, although it is difficult to make a comparison between the two because their provisions are different and so are their constitutional aspects. There are areas in which one constitution may be more open than another, but I sincerely believe these statutes are better than those approved in 1936.

[Question] The coming months may be difficult both for the Basque parties and for the Basque General Council. A party such as the Popular Alliance, which signed the Guernica statutes, is making a study of whether the text involves unconstitutional aspects.

[Answer] I suppose that all may not go smoothly for the Basque parties with these statutes, in view of the concepts which many members of the current state leadership class have, in some instances with background known to us all. But development of historical knowledge and experience, as well as the evidence of the adamant will of the Basque people will help many stubborn thinkers to be more realistic and to negotiate openly. With an openness which has not been seen in the central authority to date.

Navarre Is Basque

[Question] Another subject of concern to the Basque public and the rest of the nation is how the Basque General Council will deal with the subject of Navarre.

[Answer] This is the most sensitive point on the Basque agenda. Navarre is Basque and we all agree on this. How this natural Basque community in Euskalherria will be crystalized politically is another matter. Currently we have a very serious dispute, and national officials must take responsibility for the fact that the most critical problem with regard to the future lies here. The most important and critical aspect of what has come to be called the Basque problem is Navarre. It must be resolved by means of statutes, similar to the Guernica statutes, but for Navarre. In any case, if the Navarre dispute continues to exist in the present terms, the problem will not only continue but will become much more serious than it is at present. I made this clear the other day (Wednesday, the 6th), in the statutory parliament of Navarre, while at the same time appealing to the conciliatory spirit, the generosity and the imagination of all the political groups in this province in an effort to find a peaceful solution, since otherwise there may be a gradual radicalization like that in Ulster, which could within three or four years have unpredictable consequences. This bipolarization which is occurring between the radicalized Basque extreme right and left-wings is extremely dangerous. The great blindness of certain sectors in Navarre and the central government which are boldly encouraging anti-Basque sentiment is most dangerous and could lead us to the situation of which I spoke. The government in Madrid is absolutely belligerent on this matter, and I do of course have proof in this matter which I have revealed. Even on television, they showed a map including Navarre, when discussing the Basque region, concerning which the Associate Minister for Relations with Regions said to me: "Look, you see we respect the natural Basque entity with Navarre included." That was two years ago. In recent times the implacable attitude of the government has gone so far as to humiliate all of us who in Navarre feel that we are Basque. Speaking repeatedly of the Basque region and Navarre, of Navarre and the Basque region, separating the map of the country and separating Navarre. This is a suicidal attitude. The proof is that the government itself has lost ground to the radicalized right-wing of the Union of the Navarre People, leading to the triumph of the Herri Batasuna. This attitude of denying the rights of every Basque, encouraged by the government, has resulted in this situation of virulence.

[Question] What might happen in Navarre? I ask your opinion as president of the Basque General Council, rather than as president of the PNV.

[Answer] I realize that in a situation such as that Navarre is experiencing, in a real situation of concealed civil conflict, the conditions exist for the simple interpretation of the electoral results. It must borne in mind that Navarre is a province of a rural sort and the propaganda potential of the government has had a decisive influence. At the same time, there has been disproportionate representation in the government party, where a great effort has been offered, among all the conflicting positions, among those who do not want this dispute to end in conflict. In any case, the statutory parliament is in the majority today favorable to including Navarre in the Basque region, I believe. It must be realized that both the Socialist Party and the Carlist Party are returning to their original position of promoting Basque autonomy with Navarre included. I am not saying all of this idly, for we have here the last addresses to the statutory parliament. "The Basque Nationalist Party, as well as the EKA, the Basque Socialist Party (PSOE), Herri Batasuna, ORT [Revolutionary Organization of Workers], the AMAIUR, and other political forces," it was said, "have established a majority posture in the statutory parliament. The constitutional procedure established in a subsequent referendum may be the subject of great manipulation. It is for the statutory parliament to seek a rational, just and peaceful solution to the problem. Otherwise the people of Navarre would be abandoned to confrontation with weapons."

Talks With the ETA

[Question] The subject of the ETA [Basque Fatherland and Liberty Group] may be another of the priority concerns of the Basque General Council. In any case, this will be a nightmare.

[Answer] On various occasions the Basque General Council has reiterated its position with regard to this subject of armed struggle by the ETA, of terrorism in the Basque region. We do not agree with the ETA, we are not in agreement with any kind of physical or moral violence, and the council will continue to voice its views along these lines.

[Question] What are the paths to be pursued on this concrete subject? What are the steps toward definitive peace in the view of the Basque General Council? Would you be prepared to talk, without prior conditions, with the ETA?

[Answer] To the extent that the General Council could play an effective role, and to the extent that the attitude of the ETA were responsible, for the purpose of pursuing talks designed to ensure definitive peace in this region--in other words, to the extent that talks can be undertaken with evidence of the intention of achieving peace, we would be prepared to talk with the ETA, or with anyone.

[Question] The values dearest to the Basque people are in crisis. Crises in terms of the economic, social and general political situations. Indifference and apathy are taking root in the minds of a very broad sector of the Basque people, who see no solution to the problems facing them.

[Answer] A large sector is sorrowful and saddened by all these things. The Basque people feel that this is not the essence of our people, that something serious is happening and that their most heartfelt, authentic values, the concept of life and the deepest spiritual values of the Basque people, are in crisis. In this sense I believe you are right. There is a need for results and institutional paths toward pacification, which to date have brought the country nothing. I believe that the sectors which feel thus are substantial, and they have their specific reflection in the Herri Batasuna. This is a phenomenon which can in no way be judged disdainfully. It cannot be concluded that they are an insignificant minority, since it is a major contingent which supports the ETA and rejects a whole series of institutional paths. This is the great task which all of us, absolutely all, must carry forward. It is still possible to find a political solution to the Basque problem. To the extent that this is obvious, the skeptical sectors may shrink.

The voice of Carlos Garaicoechea became still more quiet and reflective, more sorrowful, when he spoke of the present situation in the Basque region, and its overwhelming importance. Much is said about political measures for the Basque region, so much has been said that he dreams of the subject.

[Question] What are these measures which the Basque General Council plans to ask the central government to implement immediately?

[Answer] There is one antonomastic measure--they cannot be allowed to lag beyond the end of 1979. Thus a Basque government, with all its consequences, such as those for which the statutes provide, must function within a year and meanwhile, there is nothing to prevent the government from taking a whole series of important steps, such as restitution of the economic agreements or the establishment of teaching in the Basque language, giving back to the Basque people the authority to function basically in this specific field. A thousand things could be done in the communications media sector. There is nothing to prevent the establishment of a Basque radio or television station, or to prevent them from beginning to operate before the Guernica statutes go into effect. There are a thousand steps of this type which could be implemented immediately. It is the task of the Basque General Council to proceed along this path throughout this year. If this cannot be done, it will have to consider its position and state it clearly and categorically to its people and to Madrid.

[Question] With this new organization of the General Council, the Basque Nationalist Party will reestablish its political position, attempting to reach harmony with the base levels. Is there a clear difference between the leading class and the militants at the base?

[Answer] I sincerely believe that there is no such thing. The profoundly democratic nature of our organization is no novelty. This entire assembly procedure which is now becoming popular has been practiced by the PNV since its beginning. What is happening is that we have discussed many things which are not discussed in other parties. We submit many subjects to the base for evaluation which the democratic centralism of other groups does not allow. This is a somewhat unusual phenomenon, wherein a seeming tension exists between parliamentarians and the base, but there is none. All there is is discussion.

[Question] In any case, there has been a clear split for several months now within the majority Basque party.

[Answer] Not everything is sweetness and light in our party, and as happens in the best of families, we have had some friction in our domestic functioning on more than one occasion, in certain electoral periods or in periods of discussing and promoting certain candidacies, etc. But this is a far cry from violation of the party discipline by anyone or the announcement of schism. We have a path toward improvement to pursue, but this is a party with absolute internal democracy, and it is normal that this would occur.

[Question] Basque problems, according to the PNV and almost all of the politicians in Eukalherria, have been the subject of lack of understanding in Madrid throughout the entire democratic epoch. How will the Basque General Council, backed by the PNV, deal with this general situation?

[Answer] I believe that there is nothing surprising in this fact, since a party which calls itself nationalist, which proclaims the existence of a Basque nation and its will to achieve self-administration for it is not surprisingly, somewhat unpopular in Madrid.

[Question] You have denied the existence of political tensions in the Basque Nationalist Party. Similarly, you have denied the existence of two factions, that supporting Sabino Arana and the social-democratic faction. Sabino Arana, the founder of the party, was an advocate of independence. Is that true of the Basque National Party in 1979?

[Answer] You see, this is a term which I understand has great journalistic appeal and as a result is frequently used. We have always maintained the thesis of statutory reintegration as the basis of our political actions. Statutory integration means reestablishment of the original political authority of our people, and in theory it would mean the reestablishment of a monarchic confederation. It is in this connection, I believe, that there is an inclination to complicate life when the movement for independence is discussed. What I would say is that we have as our basic goal the achievement for the Basque nation of the political power necessary so that it can preserve and develop its own identity. To the extent that both points are accepted, we will be in a position to accept a state. To the extent that they are incompatible, we will have to reject them. Therefore, and with a

view to this request to define our terms, I would answer and, seriously, without irony, that they should define themselves. It is they who must define what they are. It is Madrid which must decide if it is possible to have a model of a state such as I have described or not.

The Nation We Want

[Question] A constitution has been drafted in which the personality of the state is recognized, and in which a given type of society is set forth...

[Answer] Yes, I believe that there is now a definition. Obviously a constitution is the product of political pragmatism in many instances. Just as other parties, such as the socialist and communist, accepted the monarchy and a model of society with a view to continuing to advance, we believe that even without threats to this constitution, we can have a tool of government for the rebuilding of our people. To the extent that this is accepted and agreeable to the officials of the state, we will be proceeding along a fruitful path.

[Question] Traditionally the Basque Nationalist Party has been republican.

[Answer] In this regard we are relativists. In our view, the monarchic or republican form is not the basic question. The basic thing for the party and the council is the defense of the Basque nation and the political authority which should be inherent in the status as a nation we demand. The crown has connotations I would dare to term nostalgic, for the crown was for a long time the solution to our presence in this nation. It was the link among free peoples endowed with self-government which, with the characteristics of the epoch, served to enable our people to maintain their identity. In addition, in the constitution and in the discussions of the famous statutory amendment, we appeal to the crown as a symbol of this possible unity, via the path of recognition of the historic rights of the Basque people. I am confident as president of the Basque General Council that King Juan Carlos has—I am sure of this—a clear vision. In this connection I retain the hope that if indeed he cannot provide solutions, because of his arbitral role, he is indeed in a position to promote an imaginative approach to the resolution of the problems of our people. Based on the times I have talked with him, I believe that the king can play this role and has an understanding which is more than sufficiently clear to enable him to do this.

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ECONOMISTS ANALYZE ECONOMIC PERFORMANCE

Madrid EL PAIS in Spanish 3 Jun 79 pp 40-41

[Text] With an analysis of the situation developed on the basis of the statistical data available today, we end the review of the present Spanish economic situation which has been offered by the economic situation team headed by Prof Fuentes Quintana, and including Prof Lagares Calvo and economists Julio Alacaide Inchausti, Jose Garcia Lopez and Miguel Valle Garagorri.

This analysis is added to and supplements those undertaken on the basis of the opinions of consumers and businessmen which have been published these last two Sundays. The economic data bear out the accuracy of the psychological gap of the consumers and the view of the businessmen in selecting the most important problems of the moment: the concern about rising prices, the increasing unemployment trend, the gradual loss of rhythm in consumption and the decline in investments. The coincidence of these three problems defines the worrisome picture in this spring of 1979, and the following work is devoted to an analysis thereof.

Inflation, Unemployment and Slow Growth

The opinions provided by consumers and businessmen make it possible to draft a clear map of their concerns and their assessments of the present economic situation. They agree in fearing greater inflation in the coming months indicated by the clear present confirmation of their expectation of an increase (61 percent of the consumers anticipate accelerated price rises, the clear view of businessmen believing in a bullish tendency in April being +37), they identify, as the focus of their concern, unemployment, an evil of which the consumers are increasingly aware and which is affecting 23 percent of Spanish homes, and a problem which the businessmen fear will become more acute in the coming months, since only 17 percent of them expect to increase their staffs as compared to 36 percent who expect to reduce them. Finally, the rate of economic growth will slow down, because consumption is tending to drop off (a decline of 10 points in the consumer interest index), and the extended crisis in investment will continue, in the view of businessmen.

Do the real figures for the economy confirm or deny these opinions of consumers and businessmen? We will try to answer this question by comparing the opinions with the facts, in other words, with the available data.

The statistical figures available to us today for the study of the situation merit a separate necessary and preliminary paragraph. Spanish statistical data has dropped to a very low level, which urgently needs correction. The volume of statistics which have been dropped and not renewed—we must place at the head of the list the incredible lack of any production index at present, statistics unusable because of this three to six months lag, figures of limited reliability, and finally, the lack of any information on key variables in the economy (consumption, services, stocks) make the study of the Spanish economy tremendously difficult.

Inflation Continues

Four months of figures on consumer prices permit an assessment of how inflation has developed in 1979. The figures in Table 1 show that from a rate of 16.5 percent, with which 1978 ended, we have moved to a rate of 15.5 percent in April 1979. Thus, to judge from the figures, inflation has gradually and continually decreased since December—with the exception of January 1979.

If this is the case, why this concern about prices evidenced in the opinions of consumers and businessmen and prevailing today in the public thinking? The answer must be sought not in the present price situation revealed to us by this index data but in its future. It is expected and feared that prices will rise, and this fearful expectation, along with the inflation which is already developed, is the source of the unusual public expectations with regard to the possibility of keeping to the consumer price variation limits established by the government for the next six months of 1979. As is well known, at the end of 1978 the government established a complex of norms for the 1979 wage policy, in accordance with which the reference wage criteria— increase in the wage mass of between 11 percent and 14 percent during 1979— could be revised upward if the increase in the consumer price index in the first six months of the year were to exceed 6.5 percent.

Will the consumer price increase exceed this established limit? The figures in Table 1 tell us that by April it had reached 5.2 percent. Thus very little margin remains. The second column in Table 1 shows the increase in prices in the months of May and June of 1978—an identical increase of 1 percent for each month. If these 1978 rates were to recur this year, the price increase during the first half of 1979 would come to 7.3 percent. Only if during the months of May and June the prices were to increase at about 0.6 percent for each month could the accumulated growth for the first half of the year remain below the 6.5 percent limit established by the government to justify a revision of reference wage criteria.

Table 1
Consumer Prices in Spain
Percentages of Increase

1978	Since same months last year	Since pre- ceding months	Cumulative for the year
January.....	24.4	1.6	1.6
February	23.7	0.9	2.6
March.....	22.4	1.3	3.9
April.....	22.7	2.1	6.1
May.....	23.0	1.0	7.2
June.....	20.7	1.0	8.2
July.....	19.4	2.2	10.6
August.....	17.5	1.7	12.3
September.....	16.9	0.9	13.3
October.....	16.1	0.8	14.2
November.....	15.7	0.4	14.8
December.....	16.5	1.5	16.5
1979			
January.....	16.6	1.7	1.7
February.....	16.4	0.8	2.5
March.....	16.2	1.0	3.6
April.....	15.5	1.5	5.2

Source: National Statistics Institute, and our own calculations

To judge then from the development of the consumer price index in the past, it must be said that things are not easy. A more accurate assessment of the causes leading to the development of the index requires an examination of the various forces acting upon it. Let us first of all separate these forces into the two large categories developing very differently: on the one hand, the prices of food, beverages and tobacco, which account for 40.5 percent of the general index, and on the other hand, the other non-food components, which account for 59.5 percent. Well then, when the results of this separation are examined, it can be seen that:

1. The prices of food, beverages and tobacco increased less rapidly in the months of 1979 thus far (12.7 percent) than in the comparable months in 1978 (23.7 percent). In the first four months of 1978 food prices increased by 4.7 percent, while the increase in 1979 was only 2.7 percent, a substantial reduction which is the basic factor behind the price improvement gains this year.

2. Less favorable results are seen for the non-food component. If we exclude the food and housing components from the consumer price index, it can be seen that the rate of consumer price increase in the first four months of 1979 is similar to that for the comparable period in 1978, with the two rates running at 5.4 and 5.5 percent respectively. In other words, the prices for industrial products and service maintain the same rate of growth as in 1978 in 1979.

3. Price of food, beverages and tobacco usually develop at a higher rate during the middle months of the year, while those for non-food products seem to develop at a lesser rate. An indication of the rising trend for food products in the next few months can already be seen in the bullish development of prices for market cattle and other livestock products, as well as potatoes, vegetables and fruits.

On the basis of such a beginning, one must expect a more rapid increase in food prices in the coming months, although perhaps not as accentuated as that last year, and a more limited increase for other products, such that the general index by the end of the first half of the year may perhaps exceed the reference criterion of 6.5 percent, but only by a slight margin.

The Dangerous 6.5 Percent Game

The problem posed by prices from the point of view of effects on the Spanish economy is not so much a quantitative as a qualitative problem. In fact, to judge from the available data, inflation seems to date to have pursued the expected development, with a deviation which bears watching. From the quantitative point of view, at least for the time being, the development of the consumer price index has not altered drastically or irreversibly. It is probable that it will exceed the 6.5 percent limit by the end of June by a margin which should not be beyond correction. However, the 6.5 percent limit could be interpreted in very different fashion. If it were regarded as a qualitative value defining an all or nothing situation. In other words, if as in the well-known card game the game can be lost with just one more point, whether it exceeds established limits by a great deal or a little. To adhere to the 6.5 percent limit as in this game would be very dangerous for the economy, for if we lose, it would require undertaking a costly and controversial process of wage revision which could add much more fuel to the already hot enough fire of inflation, tipping the economy down a slope with very serious consequences.

It seems necessary to foresee the consequences of losing this gamble as of the present, seeking the most just, speedy, and socially economical means of settling the bet. It would be regrettable if a few extra tenths in June--probable, because the limit was not set on the basis of experience at 7.5, which would have been wise--were to mean irreversible whole percentage points in inflation by December.

Another Perspective On Prices

To conclude this analysis of prices, it is of interest to analyze their development in some detail, grouping the components in the general index on the basis of the extent to which the authorities have played a role in their formation (See Table 2). Three conclusions derive from this breakdown of the consumer price index.

In 1978, the main successes in the struggle against inflation were won in the realm of Group III prices, where there was extensive intervention, and the category representing moderate intervention, Group II, where the rates of increase in comparison to the same months last year dropped 13.1 and 12.4 points, respectively. In Group I, where there was little intervention, the successes although substantial were much more limited (a drop of only six points).

In the first four months of 1979, the greater success with regard to prices was due to the development of the category with moderate intervention and, in particular, as has already been indicated, the food price group.

The prices most freely formed on the market remained practically stable at a level of [line or lines missing from text of original here].

The above conclusions seem to bear out the view of businessmen and consumers with regard to prices: inflation is still very high in our country and has practically stabilized at high levels thus far this year. Finally, a wide range of prices are subject to administrative invention of some kind or another (almost 63 percent of the total of the index components are subject to a relatively high degree of intervention) and it was these, and the vagaries of weather factors, which underlay, for the most part, the slowdown in the price index during the first four months of 1979.

There is therefore reason for concern about inflation, because the forces which sustain price stability are not strong at present and the slowdown in the inflationary process seems to have come to a stop.

Unemployment, a Chronic Problem

Both consumers and businessmen agree in indicating unemployment as the problem with highest priority in the economic situation. The available figures confirm the accuracy of these views. The most recent figures from the survey of the active population as of the end of 1978 show 1,083,000 persons unemployed, representing 8 percent of the active Spanish population. This percentage is entirely European. However, the figure for our active population, which is very low in comparison to our total population, is not typically so. In fact, the rate of activity revealed by the percentage of the population 14 years of age or over which is employed was only 48.4 percent in 1978, having reached this level through a steady decline since the beginning of the 1974 crisis, when the figure was 52 percent.

Table 2

Government Intervention and Consumer Prices
(Rate of increase in comparison to same month last year)

	GROUP I Little intervention	GROUP II Moderate intervention	GROUP III Extensive intervention
1977			
December.....	26.3	27.2	24.6
1978			
January.....	24.0	24.4	25.5
February.....	23.4	23.7	24.7
March.....	23.6	22.0	19.9
April.....	24.3	22.4	18.8
May.....	23.6	23.4	18.6
June.....	22.7	20.4	16.1
July.....	22.0	18.3	16.2
August.....	20.6	16.6	12.0
September.....	20.4	16.7	10.1
October.....	19.7	14.4	11.7
November.....	19.8	13.5	12.1
December.....	20.3	14.8	11.5
1979			
January.....	21.5	14.3	10.8
February.....	21.0	13.9	12.3
March.....	20.4	14.1	11.5
April.....	20.0	13.2	10.8

Group I. Clothing and footwear, housing (excluding rentals) furnishings and home services and other expenditures (37.085 percent of the general index)

Group II. Food, medical services, recreation and education (50.84 percent of the general index)

Group III. Transportation and communications and rent (12.075 percent of the general index)

Source: National Statistical Institute, and our own calculations

These two basic figures clearly show how serious the problem of unemployment and limited job opportunities is.

Customarily, to complete the picture provided by these figures, two additional aspects of unemployment which contribute to its configuration are added: the prevalence of unemployment among young people and women and its geographic focus in the southern regions of Spain. These aspects of Spanish unemployment continue to persist, since unemployment in the active population under 24 years of age comes to 21.1 percent and the regions of Andalusia, Extremadura, La Mancha and the Canary Islands continue to have the highest unemployment in the country.

In the months of 1979 which have elapsed thus far, unemployment has continued to increase. The number of persons on record as unemployed with the Ministry of Labor for the first four months of this year was up by 10,900 individuals from the figure for December 1978. If this rate of increase continues, unemployment may be up by 250,000 persons by the end of 1979 over the figure for December of last year.

Is there a short term solution to the unemployment problem? The answer to this question is relatively simple and can almost be deduced from an examination of two facts of a very different nature.

The predictable increase in the active population in the coming years, around 150,000 according to all available estimates [line or lines missing from text of original here].

The development of the Spanish economy in recent years, wherein increased production in real terms has been achieved with declining employment figures.

If to these facts we add the current unemployment figure, it can readily be understood that there can be no short-term solution to the unemployment problem and that, despite many political opinions, the popularity of which is entirely unrelated to their real justification, a higher level of economic activity will not of itself and in a short period of time solve this great Spanish problem either. It is a problem which requires serious study by the government, the political parties and all the economic institutions in the country. It is a problem for which there is no miracle solution, but patience and variety are needed. The employment policy will have to be a difficult combination of alternatives in Spain which, taking an increase in the level of activity as a basis, will additionally include raising school age requirements, reducing pension age requirements, limiting multiple employment and, along with the other European countries, organizing the future length of the labor day. This policy--which cannot be expected to produce spectacular success in the short-run either--will require payment of high social costs and overcoming resistance which will be considerable. The result of all of this will be that unemployment will continue for some time to be a chronic problem in the Spanish economy.

Slow Rate of Activity

The drop in the consumer interest index and the investment crisis reported by businessmen represent worrisome indications of the vital tone of our economy. If these opinions on the part of consumers and businessmen are correct, they would affect two of the motive forces which production and employment should produce—consumption and investment. It is not a simple task to demonstrate the operation of these two motive forces of national expenditure, because with the limited information available, the figures are covered by a veil of obscurity. The real indices available show, for the first four months of the year, an increase in electrical consumption of seven percent over the comparable period in 1978. Imports of raw materials and intermediary products for industry increased in real terms as well in the first quarter of the year. The service sector shows rising rates in transportation and tourist services. Other figures are less encouraging. The rate of sales of durable consumer goods—domestic appliances and automobiles—dropped, and the prospects for investment goods have deteriorated.

One interpretation of all this information on the situation would divide it into two major groups, by means of which it is possible to give consistency to the limited information which is available.

The first of these categories, investment goods demand, appears to reveal the most intensive rate of increase in national expenditures. However, this demand in turn must be divided into two major categories: demand for durable consumer goods, where the slowdown is obvious, and the other current consumer goods and services, which are sustaining its growth.

The second of these categories, investments goods demand, clearly shows a decline in all figures. The worst sector without a doubt is construction. The very low level of contracts for new projects, the decline in the level of activity in the sector and the increase in unemployment, along with a drop in cement sales, bear witness to the fact that this is one of the worst depressed sectors at the present time. The subsidized housing sector, of such great social and economic importance, reveals a worrisome drop in provisional estimates and the number of housing units built. To this depressed picture in the construction sector—a basic component in the domestic investment process—is added the unfavorable equipment goods situation, with a decline in domestic production in the opinion of businessmen, who must seek in exports what the domestic market cannot provide. The fact that the export of equipment goods increased in the first quarter to the incredible extent of 23 percent is proof of the drastic nature of the drop in domestic investment demand.

The motive force which has most encouraged domestic production is without a doubt exports. The favorable development of the foreign sector is the product of the excellent situation here. The trade balance for the first quarter, according to customs figures, showed a decrease of \$319 million dollars in the traditional deficit. Export coverage reached 79 percent of imports, an exceptional volume showing an increase of 10 points over the first

quarter of 1978. The favorable development of the service and transfers balance, supported in particular by the increase in tourist income, yielded a definite surplus in the current account payments balance for the first quarter, with the surplus of \$110 million dollars as compared to a deficit of \$137 million for the first quarter of 1978.

To summarize, then, Spanish economic activity currently can be described in terms of four distinctive comments:

A rate of increase in production which did not exceed 2.5 percent over the comparable period of the preceding year in the first four months of this year.

Continuity in the practice of investment reduction.

Maintenance of the rate of increase of about three percent in consumption, with an evident slowdown in the durable goods component (automobiles, electrical household appliances).

Strong expansion in exports of goods and services.

In view of these characteristics, it seems obvious that a prediction about the development of economic activity for the rest of the year cannot be very optimistic, for several basic reasons.

First of all, this is true because a relative halt to the process of reducing inflationary tensions could easily cause the consumer demand flow to collapse.

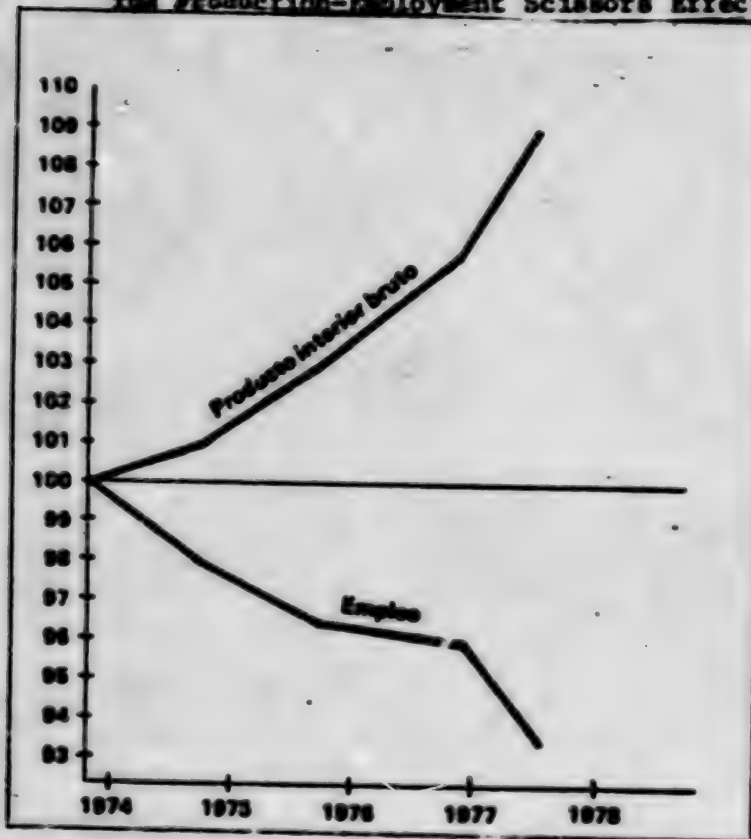
Secondly, this is true because not all of the factors which might launch a process of recovery investments have as yet made their appearance, and as a result it does not seem logical to expect a change of a substantial sort in this variable.

The final reason is that the new rate of exchange for the peseta may have a negative effect on export demand, and in addition, it may lead in the short-run to greater imports, competing advantageously with domestic production.

Here again the data and estimates concerning the development of the Spanish economy confirm once more the expectations of the businessmen and the consumers.

Since the beginning of the economic crisis, the most negative and worrisome development has been seen in the country's employment figures. The drop in employment, which the graph shows very expressively, is matched, paradoxically, by positive increases in the gross national product. Put in another way, while the economy has developed, job opportunities have decreased. This open "scissors" pattern formed by production and employment--behind which lie multiple factors--conclusively prove that the problems of employment in Spain will not be resolved by means of a simple increase in production.

The Production-Employment Scissors Effect



(Rising line represents gross domestic product, declining line represents employment.)

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CSO: 3110

CURRENT SWEDISH DEFENSE POLICY ANALYZED

Helsinki HELSINGIN SANOMAT in Finnish 27 May 79 p 22

[Article by Jorma Jarventaus: "Swedish Defense Policy Still Depends on Long-Distance Repulsion"]

[Text] When we add to it the threatening situation Sweden would be in under certain circumstances, the military of the big powers' interest in the Nordic area also accounts for the watchfulness with which the Pentagon and the Kremlin are following Sweden's decisions on the development of its defense forces with an eye to the next few decades. The heart of the question is whether the economic recession the industrial nations are going through is having such a weakening effect on Swedish military preparedness that that country's role in shaping military policy in Scandinavia should be reviewed again.

Swedish defense forces are now being developed under the provisions of the 1977-1981 5-year plan. The 1982-1987 plan is being developed and studied and future defense plans are in the making right up to the year 2000.

In drawing up development plans, the parliamentary Defense Committee as well as the defense forces high command find themselves having to squeeze through an ever narrower doorway. Armed Forces funds, which in 1966 still amounted to about 5 percent of the gross national product and 10 years later to a little under 4 percent, today come to no more than 3.4 percent of the gross national product.

According to government guidelines set for the 1980's, Armed Forces expenditures should be kept at from 9 to 14 billion 1977 kronor. Since a 9-billion-kronor ceiling has been placed on them until 1990, funds used for basic procurements will be cut to half of what they are now unless government, wage, education and other expenditures can be radically reduced.

There is, however, not much elbow room for reducing general expenses unless they are willing to haggle over the duties of the Armed Forces. The Swedish General Staff now has 10 different models for solving the problem, in which organizational alternatives are being studied from the standpoint of factors affecting costs on the one hand and national defense capability on the other.

Even the alternative of annually calling up only a portion of the age group eligible for military service has been proposed. However, at the moment it would appear that they will not have to resort to such an extreme solution. Sweden will in future train all its healthy young men to defend the country.

On the other hand, in the area of salaried personnel they are trying to cut back costs by as much as 35 percent here and there through various practical measures and organizational revision. Most of the cutbacks in jobs will affect Defense Department civilian personnel. They will try to protect the number of cadre personnel in military units by reducing staff personnel, among others. Although unemployment is a problem in Sweden too, the Labor Ministry will not fly to the aid of the Defense Department with appropriations to save its salaried civilian personnel's jobs.

Reserves Trained

Ground forces commander, Lt Gen Nils Skold, regards the prospects for the development of his branch of defense with optimism. The high degree of self-sufficiency of the industry that meets the needs of the military and the new cross-country vehicles now being developed, as well as new weapons, will increase elite troop operational mobility and firepower.

Also, according to General Skold, the so-called second-stage brigades can continue to be equipped at about present-day levels.

Because of the War Department system based on general compulsory military service, Sweden's chances of defending itself in the event of an attack are determined by the kind and number of reserves called up for mobilization into a field army. Thus I can well understand General Skold's obvious satisfaction when he pointed to the level of reserve training during his presentation of ground forces operational qualifications. He said that fully 80 percent of the reservists that are called up receive further training which in turn means that Sweden's over 600,000-man field army is really a factor to be considered in terms of guaranteeing the country's military neutrality.

Unfortunate Decision

The burning question for the Air Force today is the future of Sweden's highly developed aircraft industry and the effects it may have on Swedish air defense. Namely, with the aid of narrow parliamentary support, on 23 February current Prime Minister Ola Ullsten's minority government decided to halt development of the Saab-Scania Manufacturing Company's already well-advanced new A-38 combat plane configuration due to the high cost.

"It was an unfortunate decision," said Air Force commander, Lt Gen Dick Stenberg. According to him, in the 1980's the Swedish Air Force's operational capability could be more effectively guaranteed by maintaining both heavy and light combat plane configurations. The heavy type would be

represented by the latest version of the Wigge series and the light by the above-mentioned one developed by the Saab-Scania Company, the A-38 configuration which represents a peak in technical development, a plane for whose development the Olof Palme Government in its time gave the green light.

The decision also shelved arrangements for the further training of pilots. The choice lies between a training plane, which if need be may also be used for combat operations, or a combat plane, which can also be used in training operations. The A-38 represents the second type. This being the case, if the government's decision is approved in parliamentary debate, it will mean the foundering of the Air Force commander's plan which seems to be well adapted to the situation and strives for economy.

The Swedish Air Force and the nation's independent aircraft industry really had bad luck, since the decision was subjected to political debate during an economic recession and the months preceding parliamentary elections. Fortunately for the Swedes, national defense matters in Sweden are not generally affected by party politics. Rather, they have managed to keep matters of state above party tactical maneuvering. Now, however, it seems that, with the approaching elections, the attention of the decision makers is noticeably centered on more popular issues and those that from the standpoint of election results are more likely to gain points.

Air Space Surveillance

Development of the A-38 project has so far required an outlay of about 70 million kronor. To achieve their goal, between 1982 and 1994 additional appropriations of about 50 million kronor a year are planned. When we compare the necessary additional appropriations with the overall defense budget of from 11 to 14 billion kronor, we are forced to admit that the long-term consequences of the decision will not from any sensible standpoint achieve a saving.

To what extent the Air Force commander's new proposal may relieve the current situation depends on whether, for example, 1,200 well trained Swedish top specialists lose their jobs and whether the Swedish aircraft industry in future retains its position near the top in aircraft technology.

Problems relating to air space surveillance are the concern of the Swedish Air Force high command. In order to strengthen their advantages, under given conditions both NATO and Warsaw Pact nations might send planes or missiles across neutral Sweden and Finland with no concern for any political difficulties which these thus injured small nations could be forced into. The Swedes by no means underestimate these dangers which President Urho Kekkonen pointed out in talking about ballistic missiles during his famous Stockholm speech. Nevertheless, they are particularly reluctant in their reactions to proposals for an atomic weaponless North.

The reason for this Swedish attitude is certainly not to belittle the significance of the security policy proposed by President Kekkonen. Opinion

has it that this is the Soviet stance. As we know, the Soviet Union has announced its support for the Finnish president's initiative, but has at the same time stressed that the Soviet Union will not be bound by restrictions.

From the standpoint of the Soviet Union's own security, it would perhaps make better sense to consider assuming a broader stance. If the Soviet Union were to move its atomic weapons away from the Kola Peninsula, it would in return be able to get the United States to stop bringing its nuclear submarines into northern waters and would thus strengthen the security of its existing bases on the Kola Peninsula.

How the NATO nations would react to such an arrangement is quite another question. Namely, at the present time the Soviet Union has such superiority in traditional weapons in the North that the West is striving to achieve a balance of power by feeding the fear of nuclear warheads. This is the heart of the problem.

In Sweden's defense strategy, coastal defense occupies a central position. The main defense elements are rockets fired from warships and planes, submarines and mobile coastal artillery. Mines also add to the depth of the defense perimeter, namely in the archipelago.

The Navy's new line of Macken miniature submarines (three units) is in production. Like its predecessor, the Sjoormen, it has been especially developed with an eye to Swedish defense requirements.

In addition, among others, two new minelayers and new heavy artillery equipment intended for coastal artillery use are on order. On the other hand, the Swedish naval defense command does not feel that minesweepers are absolutely necessary.

When we met, Navy commander, Vice Admiral Per Rudberg, indicated that the worst problem was the differences of opinion as to the choice of rocket types to be procured for the Navy. The Swedish aircraft industry's sidekick, the Swedish rocket industry, is undergoing an important stage of development. Thus the Armed Forces high commands' efforts to place orders with Swedish firms are understandable. Aside from the Navy, the other branches of service are also ready to approve of a domestic solution. At least during the initial phase, the Navy would like to arm its vessels with the American Harpoon rocket.

In recommending equipment procurement from abroad, the Navy commander is not, however, underrating domestic production. What is at issue is naval defense readiness, for which he is responsible. A domestic rocket would not be available for Navy use before the 1980's and it could not be installed in submarines. On the other hand, the American Harpoon could be added to the naval arsenal as early as the present decade and could also be installed in submarines.

The range of both rockets, about 100 km, would well meet naval specifications. The defense strategy does not allow for a range that could extend into territory belonging to a foreign power. By comparison with offensive weapons, there is an important difference, since this weapon is intended for defense only.

Thus through their coastal defense strategy, the Swedes are able to resort to the well-known notion of long-distance defense, by means of which one attempts to ward off the attacker before he reaches the coastline where one's troops are crowded into ships.

Defense Readiness Preserved

Swedish Armed Forces commander-in-chief, Gen Lennart Ljung, feels it is important that Air Force fighter units be maintained at nearly full strength even in peacetime and that the Navy fleet be at about 60 percent of full operational readiness. The commander-in-chief wants to improve ground forces readiness in the event of surprise attacks by seeing to it that he is granted the right to bring the strength of some peacetime units up to wartime strength, without recourse to formal mobilization, by calling up 25,000 reservists created by special agreement. The idea is an excellent one since it makes it possible to gradually improve operational readiness without the government's having to take a stand at some very early point on the, in terms of security policy, delicate mobilization question.

From the standpoint of the overall defense of Sweden, improvements in the rapid shifting of strategic reserves through the development of the existing air transport organization are of interest. With the help of the latter, the Swedish military command is trying to create the conditions for rapid movement of weapons from south to north and vice versa.

Thanks to the exemplary frankness and businesslike attitude through which the responsible Swedish military command has, over the years and also more recently at the time of my visit, helped me get an overall picture of that country's security policy, right down to the details, I make so bold as to say that Sweden's defense readiness will be preserved in the 1980's too. To start with, the Swedish Armed Forces' share of the nation's gross national product will at no time fall below presently existing levels and the planned measures, several of which I have presented in connection with this, can actually be implemented.

Although there will be many difficult problems during the next decade in the development of Sweden's defense forces, the profile of the Swedish security program will retain its familiar, sturdy outlines.

This being the case, Sweden's well-known military neutrality will, in future as well, counterbalance the military policy situation in the North. We Finns write this with satisfaction, since Swedish and Finnish neutrality has a far-reaching, sheltering effect on others.

Swedish Defense Forces Troops

Units	1966	1977	1982
Infantry brigades	20	20	20
Norrland brigades	4	4	4
Armored brigades	6	5	4
Destroyers or frigates	17	8	2
Torpedo or patrol boats	34	34	34
Submarines	21	17	12
Destroyer squadrons	28	17	10
Semi-heavy assault squadrons	12	5.5	5.5
Light assault squadrons	0	5	5
Reserve squadrons	10	8	6

The number of Army brigades remains nearly the same as before but the size of many Navy and Air Force forces will be reduced by as much as half by 1982.

Armaments and motor pools for 11 infantry brigades are to be fully modernized. The remaining brigades will operate under less effective readiness conditions. In equipping the Norrland brigades, northern regional requirements have been taken into account.

Air Force light assault planes are to be used in peacetime as training planes. Reserve squadrons will operate only at half strength in terms of airplanes.

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CSO: 3107

MUNDEBO PRESENTS BAD NEWS IN REVISED ELECTION YEAR BUDGET

Stockholm SVENSKA DAGBLADET in Swedish 27 Apr 79 p 29

[Article by Sophie Petzell and Lars Anders Karlberg]

[Text] The tax burden will probably have to increase while state spending must go down. Current programs should be reviewed and the flow of resources rechanneled. So said Ingemar Mundebo who presented the government's revised budget Thursday.

The budget deficit which will be around 48 billion kronor for fiscal year 1979-80 will continue to increase for several years to come up to 50 billion by 1983-84.

"It is obvious the deficit cannot continue for decades," said Ingemar Mundebo, "but assuming this debt is one way of getting through a very deep crisis."

The market is now turning upward but there are problems. Some concerns are the fact that the Swedish economy still has structural problems and the lack of balance in the public sector.

"In the long run we must get back to a smaller deficit or better balance in the economy," Ingemar Mundebo said. "It will be a long hard process. Both expenditures and revenues must be revised."

Review of Spending Needed

Budget expenditures must be reviewed. This should be done with a broad parliamentary base. Reportedly the first version of the supplementary bill contained a number of proposals as to how savings could be made. However these were not included in the final version.

Mundebo said the government still considers it important to reduce taxes on income hikes but it will not be possible to reduce the total tax burden. It is more likely that an increase will be needed.

A reduction in taxes on income hikes must be compensated for by finding 4.5 billion kronor somewhere else. How much more tax money would be needed to improve the balance of the budget Ingemar Mundebo declined to say. The increased taxes could be taken either from higher value-added taxes or from higher social payments, he said.

Long-range Plan

"But when it comes to tax policy I agree with Olof Palme's statement on energy policy 2 years ago: 'This must be long-range, stable, divorced from tactical maneuvers and sudden compromises, otherwise great harm could result to our nation.'"

Ingemar Mundebo was concerned about big municipal consumption increases. But he said he trusted their ability to adjust their activities.

The increase in consumption must be reduced to 3 percent in order to balance our economy. "The communities have exhibited flashes of restraint so they're probably learning how to put on the brakes properly," he said.

More Money for Spending

We will have a little more left over in our pocketbooks this year, Budget Minister Ingemar Mundebo predicted -- between 500 and 1000 kronor. The desire to buy things is picking up and we will also be nibbling away at our bank books, in the view of the budget minister.

Last year the living standard declined for Swedish households. The income left over after taxes and inflation declined 2 percent compared to 1977. But this year things will be better, the government believes.

Disposable household income (in other words after taxes and inflation) will rise 2.5 percent according to government predictions.

For those earning 30,000 kronor after taxes there will be around 700 kronor more to spend than last year. That is when the price increases have been paid for.

Divided into various components, this is the way things look:

Wages after taxes and inflation will increase 1.5 percent.

Pensions will increase 4 percent, childcare payments 11 percent and housing subsidies 15 percent.

Health insurance benefits will rise 11 percent. Total social benefits will rise 4 percent while capital income will decline 4.5 percent.

Buying More

Consumption has declined 2 years in a row but now it is picking up again, the government believes. We started buying more toward the end of last year and that development is continuing.

This year we will be buying more than our income hikes allow -- an increase of 3 percent. The result will be declining bank balances.

The government believes inflation will stop at 6 percent. This includes an estimated oil price increase of 23 percent this year.

The price increase clause in the wage contract says that prices must not rise more than 5 percent up to the end of October. The government feels it can stay within that limit. But the margin is small. If we compare price developments in the corresponding period last year -- from April through October -- the figure was 2.7 percent.

Bohman Says Spending Cuts Needed

The Liberal government has embarked on a dangerous course. For example there is talk of the need to raise employer taxes, the same thing that once led to the "abundant feast crisis."

That is what Conservative leader Gosta Bohman had to say of the budget plan.

At a press conference at the House of Parliament Bohman pleaded for cuts in expanded spending.

"If public spending expands we politicians must try to explain what it will cost and what groups it will hurt. Will it hit business profits and investments through increased employer taxes? If this spending is to be done at the expense of private consumption the value-added tax or income taxes must be raised.

"But if we want to have increased investments and feel that our fellow citizens will not accept higher taxes the conclusion must be that the taxpayers will not go along with the spending plans of the politicians.

"The only thing left is to cut down on spending. That is logic the voters apparently understand."

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CSO: 3109

COUNTRY BALANCES TRADE WITH OPEC LANDS

Stockholm SVENSKA DAGBLADET in Swedish 24 Apr 79 p 17

[Article by Axel Odelberg and Johan Myrsten]

[Text] Sweden has managed to export its way out of much of the deficit involved in trading with the OPEC nations. To a large extent the money we pay out for oil comes back in the form of payments for Swedish industrial goods and Swedish technical expertise.

That conclusion was drawn from statistics over trade between Sweden and the organization of the oil-producing countries, OPEC. The value of both imports and exports has risen dramatically since the 1973 oil crisis and the subsequent price increases on oil.

Last year Sweden imported 5.9 billion kronor worth of oil from OPEC. In the same period OPEC purchased Swedish goods worth 5.13 billion kronor. Thus our trade deficit in relation to OPEC was around 770 million kronor last year compared with a trade deficit of 380 million kronor with OPEC lands in 1970. In 1974, the year after the oil crisis, the deficit was 2.2 billion.

The difference between 1970 and 1978 is not dramatic especially if we keep two things in mind. For one thing the difference is not as large as it looks due to the rapid inflation in recent years. For another Swedish trade with OPEC is much larger now than it was in 1970.

In 1970 we spent 925 million on OPEC imports. In other words our imports in this area have increased sixfold since that time. But in the same period our exports there have increased almost tenfold!

Big Export Increase

In 1970 Swedish exports to OPEC totaled 543 million kronor, 1.5 percent of our total exports. Imports from OPEC in 1970 totaled 925 million, 2.6 percent of our total imports.

In 1978 exports to OPEC amounted to 5.2 percent of our total exports while imports amounted to 6.2 percent of our total imports.

If we look at the balance in our trade with certain OPEC lands we see that last year we had a very big import surplus in our trade with the four countries selling the most oil to us, Saudi Arabia, Iran, the United Arab Republic and Nigeria in that order. Imports from these countries amounted to around 4.5 billion kronor and the deficit in the balance of trade was about 1.5 billion kronor. More than half of this deficit (870 million kronor) resulted from our trade with the United Arab Republic. We bought oil there for around a billion kronor but exported only about 150 million kronor in goods to that region.

The reason why Sweden's total OPEC trade shows a deficit barely half as large as our trade deficit with the four countries exporting the most oil to our nation is that we have a sizable surplus in our trade with OPEC members like Iraq, Algeria and Venezuela.

The explanation for Sweden -- and other industrial nations -- being able to match oil price hikes with increased exports is not just that export volume has been increased.

The response of industrial nations to the oil price hikes has been to raise prices even more on the products we have to sell. That is one of the reasons why several OPEC lands currently have payment problems which in turn was one of the reasons for the recent hefty increase in the price of oil.

Competition Intensifying

"It does appear that we have reached the culmination. Of course it is very hard to predict the future but it would be surprising if the Arab lands could continue to invest as much as they are doing now over a long period of time. They will have to taper off eventually."

So said vice president Erik Ohlsson of Skanska Cement, the Swedish firm that together with L.M. Ericson had the biggest sales increases in the oil nations.

Up to now the rapid market growth has shown no signs of tapering off, at least in the Arab oil states. This can be seen from the figures for exports to the Middle East by the OECD countries (e.g. West Europe, the United States, Canada and Japan). In 1973 these exports were worth \$11.9 billion. In 1977 total OECD exports to the Middle East were worth \$45.4 billion or four times the 1973 level. The increase has continued at a rapid pace during the first three quarters of 1978. Exports then totaled \$54.4 billion.

But Sweden's share of total OECD exports to the Middle East has begun to decline. In 1973 our share was 1.65 percent. In 1976 this figure had

risen to 1.82 percent. This meant that in the period from 1973 to 1976 Swedish firms managed to win relatively more orders on the rapidly-growing market in the Middle East than most other OECD lands.

Turningpoint in 1977

However in 1977 this development shifted and in the three first quarters of 1978 Sweden's share of total OECD exports to the Middle East was down to 1.47 percent. Swedish firms seem to be finding it harder to handle the more intense struggle for orders from the Arab lands even though Swedish exports to that region are still growing rapidly measured in kronor.

Of course developments in Sweden's trade with oil countries outside the Middle East have not been exactly the same. But even exports to OPEC as a whole seem to have reached a kind of ceiling as can be seen from the graph. In both 1977 and 1978 OPEC's share of total Swedish exports was 5.2 percent compared with 5.6 percent in the "peak year" of 1976.

"There are obvious explanations for a certain deterioration of Sweden's exports to the Middle East compared with the OECD average. Our trade with that region presents the same problems as our trade with the rest of the world, problems such as the high cost situation," said Sven Eric Widing, regional director for underdeveloped countries with the Export Council.

"But I think Swedish firms generally have done very well. They have done a good job. Swedish industry has put a lot into the Middle East and displayed market flexibility. In a few years Swedish export industries have managed to offset shrinking markets in other countries with sales to the Middle East."

There are two categories of firms that have done best in the Arab lands. One is a group of around 20 or 30 big firms which have done well in most countries. The other category consists of small firms with specialized products.

Room for More

"It takes competitive products and great marketing resources to make an impact in the Arab lands.

"The Middle East is not a market one can handle with one hand alone. That cannot be overemphasized," said Anders Rehnqvist, Middle East expert on the Export Council.

"My own impression is that the firms are lying a little low in the Arab world, that they are somewhat shy. They know they don't have enough resources or expertise.

"But there is room for more Swedish firms there. There is more to be done. The important thing is to put some effort into it, assign someone to specialize in the region and establish personal contacts. Good service and a good supply of spare parts are the whole story," said Anders Rehnqvist. He also recommended reading the Koran for those who really want to get established there.

Water Purification Next

Vice president Erik Ohlsson of Skanska Cement also confirmed that differences in customs and food can cause problems for Swedes working in the Arab lands. Another problem is isolation in desert regions. Even so, Swedes there have done very well according to him.

The enormous size of some of the projects has been a problem.

"Of course it can be hard to handle such big jobs as the building of the harbor in Jeddah, Saudi Arabia, a project worth close to 5 billion kronor. Few firms have any experience with projects of this size and it takes very careful planning of such things as the flow of materials," said Erik Ohlsson.

Even though the period of enormous building projects is gradually coming to an end there remains much for Swedish firms to do. Anders Rehnqvist of the Export Council especially recommends two areas that should be good for Swedish companies. These are water purification and the reclamation of water from purification plants on the one hand and techniques for handling oil spills on the other.

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CSO: 3109

EMPLOYERS' FEDERATION CHIEF COMMENTS ON NUCLEAR ENERGY

Stockholm SVENSKA DAGBLADET in Swedish 25 Apr 79 p 25

[Article by Richard Plate]

[Text] "If we don't use nuclear power we will have to lower our standard of living. And we could not get around a substantial increase in our dependence on oil and sizable foreign loans. We are heading into a very difficult situation at the end of the 1980's. Industry cannot wait in silence for such a development to occur."

So said Doctor of Engineering Curt Nicolin, chairman of the Swedish Employers' Federation, SAF, and ASEA [Swedish General Electric Corporation] in an interview with SVENSKA DAGBLADET. But he has no great hopes of getting a factual debate going. "We have a difficult year ahead of us. Industry will be holding back for the time being on investments in projects using a lot of energy," he stated.

"It shouldn't be very hard to come to the realization that we don't have many alternatives to choose from," he said.

"I am quite sure that when we approach the end of this century we will no longer be allowed to heat industries and homes with oil.

Fewest Risks in Nuclear Power

"The only realistic alternative left for Sweden is water power, for what it's worth. At the moment we are often blocked from expansion even on waterways already in use. We will not be able to get around weighing the pros and cons in any case."

Curt Nicolin's stand on nuclear power is well-known -- there is no evidence to show that this is not the most risk-free energy source we have. That is the line industry will follow in the intensive discussion that can be anticipated.

SAF Campaign

SAF recently launched a nationwide campaign based on the theme, "Speed Up Sweden."

"A recent SIFO [Swedish Institute for Public Opinion Polls] survey shows that only 8 percent reacted negatively to the initiative while 77 percent reacted positively. The responses cut across party lines and union ties," Curt Nicolin said.

Another survey was made to see how well the message of the campaign was getting across. The results of that survey were perhaps even more interesting.

"In a poll taken in February 39 percent favored reducing employer taxes and an equal number opposed it. A poll in mid-April showed 50 percent in favor of a reduction while those opposed declined to 32 percent."

Effect of SAF Day

Curt Nicolin feels the marked shift is a result of the campaign and the publicity surrounding SAF Day. This indicates increased understanding of the line SAF has pursued ever since the fall of 1976 concerning the destructive effect of the employer tax on industry and the tangible results we have a right to expect with regard to competitiveness and employment in the event of a recession, in his view.

"We must combat the popular depiction of the employer as a profit-hungry and totally irresponsible person who doesn't care about his employees or the effect his actions have on society as a whole," said Curt Nicolin.

"The truth is that the basis of our prosperity, what we have to divide up, depends on the results business is able to achieve."

This is some of the basic information SAF intends to put out now. The great need for this is illustrated by the unusual number of wildcat strikes in March. Curt Nicolin feels these are easy to explain. If one ignores the supply aspect it is quite true that wage developments in recent years have been slow and there hasn't been much left over for local distribution. But the wildcat strikes do not indicate a climate of confrontation before the contract negotiations.

Agreements Must Be Kept

"The organizations have discussed the problems in a relaxed atmosphere and we have also issued a joint statement. The criticism directed at LO [Swedish Federation of Trade Unions] chairman Gunnar Nilsson because of this will recoil on the critics themselves. Agreements must be kept. No one is served by anarchy," said the SAF chairman.

"The government is asking the labor market groups to arrive at sensible, noninflationary agreements. These won't give the interested parties anything extra. In the period 1968-78 business production value rose 15 percent but after the legislated employee taxes were taken out in 1978 there was 1 percent less to divide up between wages and capital replacement than there was 10 years ago. The government and parliament had taken all the increase and more besides."

Deepest Crisis

Curt Nicolín feels industry is experiencing its deepest crisis in this century. For 3 1/2 years in a row up to the middle of 1978 industrial production declined, something that hadn't happened since the 1860's. The reason people don't view the situation the same way they did in the 1930's is that society now cares for those who are affected in an entirely different way.

But the comprehensive social program has led to substantial increases in international borrowing, marked investment declines and an enormous deficit in the national budget. There is no other way to pay off the debt except through massive efforts on the part of industry.

Unprecedented Boom

"If Swedish business could get reasonable cost conditions Sweden would witness an unprecedented boom," Curt Nicolín maintained.

"There are strong latent forces. It is nonsense to say that we have suddenly become poor product developers, producers and salesmen. But politicians have to push the right buttons. Unfortunately a list of things the present government has done for industry would not be a long one.

"I oppose subsidies but I favor the state being willing to take risks in purchasing technology and new projects. We like to talk about sophisticated, high-level production. We do this at a time when politicians are discussing the phasing out of the nuclear power and airplane industries in which we have performed excellently on an international level.

"There are many other projects the state could encourage, giving a strong progressive effect. In the ASEA area alone I could mention new types of locomotives, a new pig-iron process being developed together with Bergslagen, windpower plants and new semiconductor technology. ASEA's subsidiary, Stal-Laval, has sold four gears -- unique designs -- to windpower plants in the United States."

It isn't lack of initiative and energy standing in the way of industrial progress according to Curt Nicolín but a political and economic climate hostile to business. With very little encouragement to investors industry is supposed to find the new money that is needed.

The quiet on the Stockholm Exchange is not due to the fact that the Swedish capital market is too small to absorb even the largest Swedish businesses but that it is pointless to own stocks. Incidentally only a small percentage of domestic savings would be plenty.

Curt Nicolin also dismissed the idea that even the biggest Swedish business is too small on the international business scene. He said it is not size that is getting in the way of our competitiveness. Just look what happened between the mid-1960's and the mid-1970's -- a doubling in the number of foreign sales companies.

"It isn't the big Swedish enterprises that are forming companies. Basically they were already established by 1965. This represents a very broad investment on the part of Swedish industry, something that does not indicate a lack of aggressiveness.

Foreign Profits

"Of course there could be several reasons for forming foreign companies. Perhaps the most important incentive is to generate employment for industry based in this country but it is also an important factor that many firms today obtain most of their profits from foreign companies."

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CSO: 3109

ELECTRIC POWER FIRM WINS RECORD LARGE BRAZIL CONTRACT

Stockholm SVENSKA DAGBLADET in Swedish 4 May 79 p 23

[Article by Lars Herlin]

[Text] With an order for 4 billion kronor ASEA [Swedish General Electric Corporation] has landed the biggest Swedish industrial contract in history. ASEA will build four power transmission stations for the world's biggest power station, Itaipu, in Brazil.

"Naturally we're feeling good about this," said ASEA managing director Torsten Lindstrom. "It's an injection we need in view of the sorry climate that exists in Sweden. The ridiculous energy debate has meant that Sweden can't function."

ASEA got the order after stiff competition with the American giant, General Electric, and a consortium formed by the Swiss Brown Boveri and the West German Siemens and AEG [expansion unknown].

"We were like fish out of water; General Electric is 10 times bigger than ASEA," Torsten Lindstrom said.

It wasn't just our technical competence that made the difference in the view of the ASEA managing director. The order also demonstrates that there isn't much truth in the charge that Swedish industry is no good at making sales.

The order consists of three large sections. The purchaser, Brazil's biggest power company, Furnas Centrais Electricas, requested that 50 percent of the equipment be manufactured in Brazil where ASEA is already an established manufacturer.

Some 35 percent of the order, 1.4 billion kronor, involves engineering work and the manufacture of electrical equipment at ASEA plants in Sweden.

For example the Ludvika plant will get an order corresponding to orders received during an entire year.

Work at Ludvika

This means that the approximately 3000 employees at Ludvika will have full employment in the period 1981-83. Recently the plant has had a very low utilization of its capacity.

About 600 million kronor of the order involves the construction of buildings for the four transmission stations. This will be handled by the Brazilian engineering consultant firm, Promon Engenharia, which is part of the consortium formed by ASEA.

Biggest in the World

The Itaipu waterpower station lies on the Parana River on the border between Brazil and Paraguay and is a cooperative project shared by both countries. When the last of the 18 generators is completed in 1988 the power plant will unquestionably be the biggest in the world with a total output of 12,600 Megawatts, about the same as the total waterpower produced in all of Sweden.

ASEA is also bidding on the transmission of high-voltage direct current in Canada and Austria. However these projects are not in the billion class.

SE Bank Extending Credit

In Brazil it has been said that not only did ASEA offer a technically superior solution, it also offered the most advantageous financing terms.

ASEA will get export credit guarantees for 90 percent of the Swedish part of the order, already appropriated by the three-party government. SE Bank [Swedish Export Credit Bank] and Chase Manhattan are part of a bank consortium working on a financing solution. Torsten Lindstrom would not give details at this time. Debt-ridden Brazil has not yet decided how much of the project's costs will be financed abroad.

All the figures involved in the Itaipu project are gigantic. The cost estimate is \$8.7 billion. The dam being built will be 190 meters high and will form a lake 180 kilometers long and 7 kilometers wide.

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CSO: 3109

ENERGY PLANTS USING PEAT TO BE CONSTRUCTED

Stockholm DAGENS NYHETER in Swedish 12 May 79 p 7

[Article by Ingvar Andersson]

[Text] Swedish Hydroelectric will build two peat-fueled hot-water centers and two peat-fueled thermal power plants in Norrland. The total output will be 220 megawatts (MW) -- corresponding to the heating requirements for 40-50,000 single-family homes. The division between electricity and heat is estimated at 60 megawatts of electricity and 160 megawatts of heat.

The plants will be located in Gallivare which will get a 20-megawatt hot-water center, Umea which will get a thermal power plant producing 30 MW of electricity and 60 MW of heat, Boden which will get a hot-water center of 20 MW and Ostersund which will get a thermal power plant producing 30 MW of electricity and 60 MW of heat.

To start with the price per kilowatt hour produced is estimated at 1-4 ore higher than oil in the hot-water centers and 1-5 ore higher in the thermal power plants.

But the price of oil -- and coal as well -- will soon rise. If oil and coal go up faster than the general price level the competitiveness of peat will improve.

"It is the plants that cost money," said John Roden of Hydroelectric.

"Costly automation is required there, but the fuel itself is cheap.

"When we look at the cost we must also bear in mind that peat extraction would provide domestic jobs."

Four Peat-Fueled Plants

Hydroelectric has sent the proposal for the four peat-fueled plants to the government which must now decide whether to go ahead with the plan. The plants require state subsidies.

If the state supports the idea Hydroelectric is ready to sign immediate agreements with Gallivare and Umea communities with regard to planning the facilities.

The hot-water center in Gallivare and the thermal power plant in Umea could be ready as early as 1983 and the others would be completed a few years after that.

Building costs have been estimated at 22-25 million kronor for a hot-water center and 185-207 million for a thermal power plant. The main fuel will be peat but it would be possible to mix in wood chips. Oil would be used in emergencies.

To Use 600,000 Tons of Peat a Year

The estimated annual consumption of peat in a hot-water center is around 50,000 tons with 250,000 tons needed for a thermal power plant. Thus the total annual consumption of peat would be 600,000 tons.

Around 2500 hectares of peat bog would be needed to supply fuel needs.

It is planned to locate these plants close to areas with big peat bogs. At least 200 hectares of bogland is needed for a hot-water center and 1000 hectares for a power plant. How much a bog can supply depends on the depth of the peat deposits.

The peat will be gathered by the so-called milling method in which a machine drawn by a tractor slices 1-2 cm off the bogland 10 or 15 times a summer.

The cost of digging and transporting the peat has been estimated at 75-130 kronor a ton.

"I think it's necessary to turn to peat as a source of energy," said John Roden. "Especially for preparatory reasons."

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CSO: 3109

BRIEFS

SOLAR ENERGY INSTITUTE--Vaxjo, 11 May--Swedish industry is beginning to take solar energy seriously. On Friday a Swedish solar energy institute was formed at a meeting of a number of Vaxjo industry representatives. A total of around 25 industries and firms from multinational giants to small consultant firms are backing the new institute. The state also has a hand in it in the form of the Technical Development Committee, STU. The solar energy institute will document and provide information about solar energy and try to gain a toehold on the solar energy market. Temporary chairman when the solar energy institute was formed was Jan Rejler of Vaxjo. Among other things he has had experience with the biggest solar energy project to date in this country. Namely the heating of an entire suburban area just south of Vaxjo. Smaland community will be the headquarters of the new solar energy institute. [Text] [Stockholm DAGENS NYHETER in Swedish 12 May 79 p 7] 6578

CSO: 3109

ENERGY SECTOR DEVELOPMENT: 1960-1975

Istanbul *BULGE* in Turkish Mar 79 pp 18-22

[Article by Ibrahim Kavrakoglu, Bogazici University Engineering Faculty, Department of Industrial Engineering teaching member. Based on his works entitled "Models for National Energy Policy Planning" and "National Energy Planning for Alternative Strategies."]

[Text] The primary purpose of the research presented below is to identify the elements which play an important role in the energy sector and thus to offer guidance for the future. In order to achieve this purpose, a model representing the national energy system was developed and applied to Turkey for a period taking in the years 1960 to 1975. The foundations on which our national energy policy is based were examined through comparison of model solutions tied to various hypotheses and realized values.

Before explaining the structure of the model used in the research, it would be well to touch briefly on the characteristics of the national energy system first.

Energy forms one of the basic elements of production with labor, capital and nature. In addition to this, energy is also a consumer item. An indicator which best expresses the dependence of modern life and production on energy is the domestic national product. The relationship between total energy consumption and domestic national product has been the subject of quite extensive research.

In any case, although the energy-domestic product rates of nations show differences, this rate meets with no great changes over time for any one nation. Even in nations with a rapidly changing economic structure, the rate of change does not exceed 10 percent to 15 percent.

One feature of the energy system is that investments in this area involve rather long periods of time. It takes at least 4-5 years to bring a new mine into production, 3-8 years for a thermal power station to begin operations, and 5-10 years to build a hydraulic power station. Moreover, the economic lives of these investments are between 30 and 100 years.

Technological development increases the (thermodynamic) yield of energy production. Since most energy technologies have been developing for a long time, however, no great thrust can be expected in them. For example, it has taken 300 years to achieve 50 percent efficiency in power generators.

It is possible to divide the energy-using sectors into the three major groups of industry, transportation and housing. The energy needed for agriculture is included in industry, tractors come under transportation, and commercial buildings are shown in the housing sector.

The fuels used in the consumer sectors are varied. Among the commercial fuels, there are a number of liquid fuels, solid fuels, gas fuels and electricity. If we ignore gas fuels, which have a very small share (1 %) of the total, it is possible to divide these into three types: liquid fuels, solid fuels and electricity.

Liquid fuels are obtained only from petroleum -- with the present technology. Petroleum, which is obtained either by importation or local production, is turned into petroleum derivatives by undergoing the refining process.

Two types of solid fuel are important from the standpoint of use in Turkey: coal and lignite. Of these, mineral coal, from which coke may be produced, has the added quality of being a "raw material" for the iron-steel industry. When considered as an energy source, the primary difference between mineral coal and lignite is their thermal values. To eliminate this difference, it is necessary to make computations using thermal values instead of quantities.

Electric power stations operate on solid fuels, liquid fuels, gas fuels, nuclear fuels and water, ignoring the technologies whose contributions to the total are negligible. A characteristic of nuclear power stations, however, is the need for fuel to undergo a series of preparatory procedures.

A flow chart of "the energy sector model" reflecting the characteristics explained above is seen in Figure 1. Of the primary sources, petroleum and solid fuels are obtained from importation or domestic production. Water sources come only from domestic sources, and nuclear fuel is imported. The basic reason for restricting nuclear fuel to one form is not that the sources do not exist in Turkey, but that the technology to prepare them for use is lacking. In fact, although there is no nuclear power station, if such a decision had been made prior to 1960, this sort of power station could have gone into operation between 1965 and 1975.

The installations in which the primary resources are used have been categorized as refineries, electric power stations and electric relay facilities. The liquid fuels and electricity produced in these installations are transported to the consumer sectors together with solid fuels.

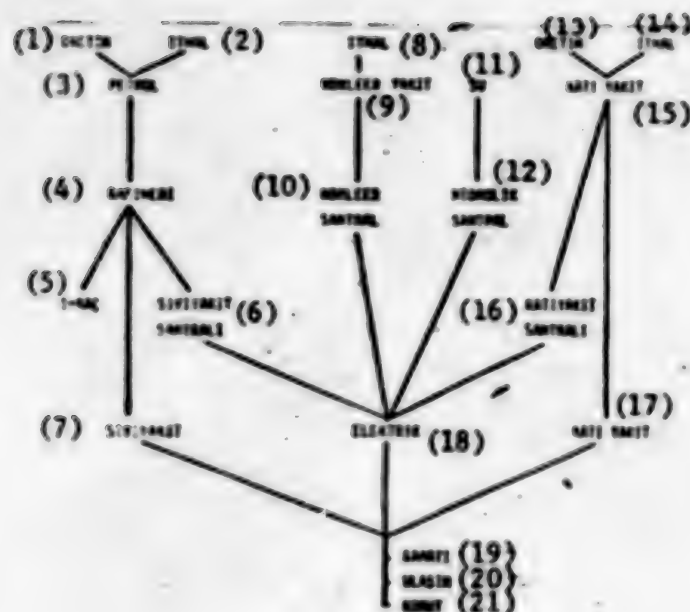


Figure 1. Energy flow chart of model

Key:

- | | |
|------------------------------|------------------------------|
| 1. Production | 12. Hydraulic power station |
| 2. Importation | 13. Production |
| 3. Petroleum | 14. Importation |
| 4. Refinery | 15. Solid fuel |
| 5. Exportation | 16. Solid fuel power station |
| 6. Liquid fuel power station | 17. Solid fuel |
| 7. Liquid fuel | 18. Electricity |
| 8. Importation | 19. Industry |
| 9. Nuclear fuel | 20. Transportation |
| 10. Nuclear power station | 21. Housing |
| 11. Water | |

The goal function of the model is the discounted total of various costs. These are, in order: fuel importation, plant importation, internal investment and expenditure and idle capacity costs, and their weights are 2.5, 1.5, 1.0 and 1.0. In the model, designed to reduce total costs to the minimum with a discount rate of 10 percent using the linear programming technique, there are 186 variables and 225 equations.

Model solutions plot the strategy which should be applied in the energy sector, based on specific hypotheses and assumptions (estimates). In other words, the model finds the primary sources and the amount of fuels that should be produced from them in a given year and determines the capacity at which investments should be made to ensure this production. It is possible to find answers to a number of questions by means of this model with the structure explained in the keys. Some of these questions are:

In what form should the fuels required for a specific planned economic growth be supplied?

How will changes in import prices affect the energy policy?

What modifications in the energy policy would be necessitated by a change in the discount rate or in the relative importance of foreign exchange?

The question which this research seeks to answer, however, has to do with estimating petroleum prices. In order to test the validity of the model against the energy policy of past years, the solutions obtained for the years 1960-1975 were compared with actual figures for those years.

Some solutions based on various hypotheses are presented below:

Solution: 1

Energy policy which should have been applied in view of foreknowledge of oil prices realized between 1960-1975.

Solution: 2

Energy policy which should have been devised by predicting the level to which oil prices would rise in 1976 by steady progression of the 1960-1975 prices.

Solution: 3

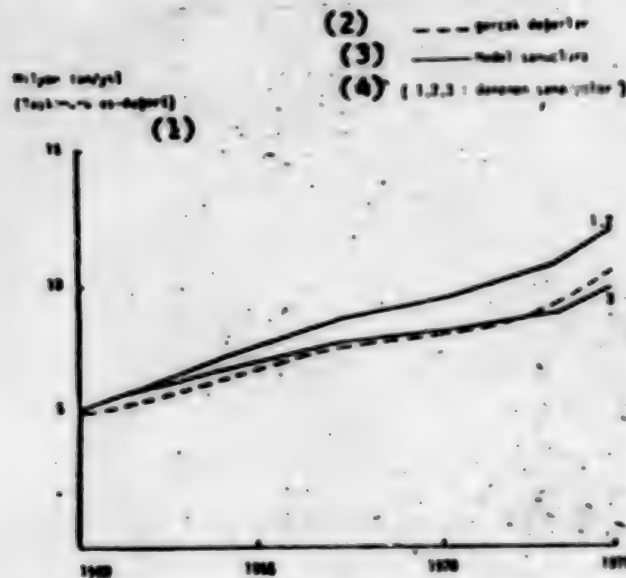
Policy which should have been implemented in view of the hypothesis that 1960-1975 oil prices would not change (allowing only for inflation of the dollar).

For all three solutions, oil prices represent the period average for the dollars/barrel unit.

Year	Solution: 1 (Actual prices)	Solution: 2	Solution: 3
1961	3.06	3.00	3.06
1964	3.38	4.00	3.38
1967	3.66	5.50	3.66
1970	3.82	7.50	3.82
1973	11.92	10.00	4.00
1976	13.11	13.00	4.50

The solutions showing the values of important variables are given in Figures 2-8. The solutions tested are indicated by the numbers 1, 2 and 3, and actual values by broken lines.

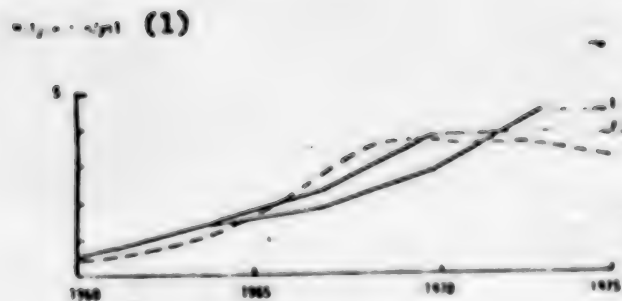
Figure 2. Solid fuel (mineral coal + lignite) production



Key:

- | | |
|--|--------------------------------|
| 1. Million tons/year (mineral coal equivalent) | 3. Model results |
| 2. Actual values | 4. (1, 2, 3: scenarios tested) |

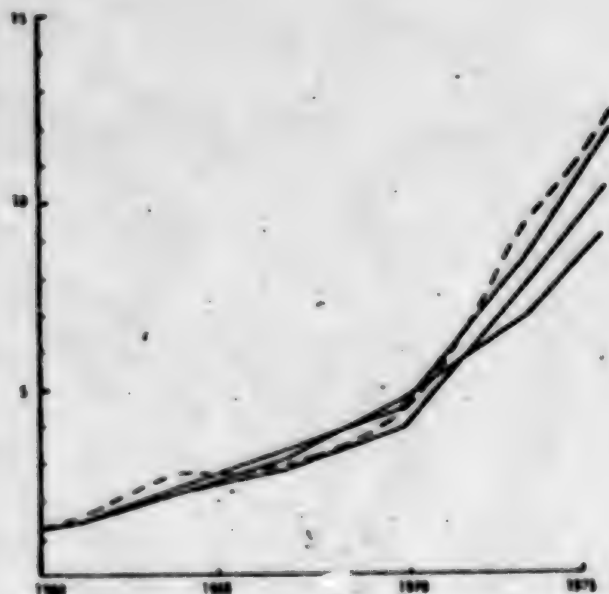
Figure 3. Crude oil production



Key: 1. Million tons/year (mineral coal equivalent)

Figure 4. Imports of crude oil and its derivatives

Million tons/year (1)

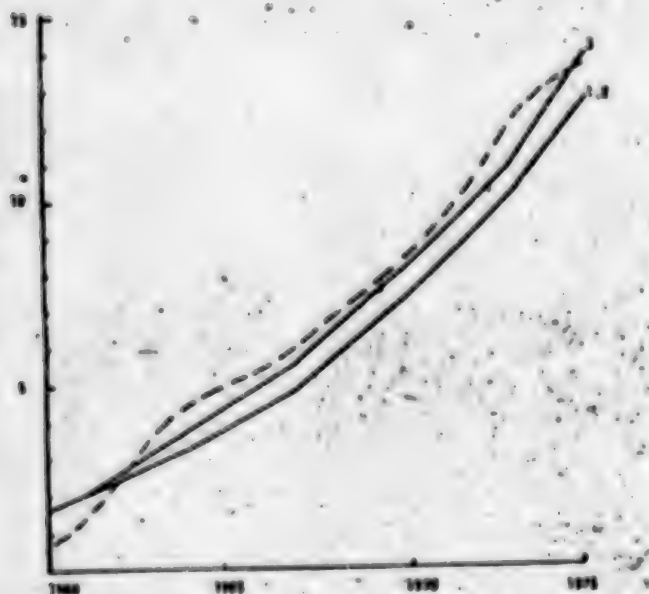


Key:

1. Million tons/year (mineral coal equivalent)

Figure 5. Refinery production capacity

Million tons/year (1)

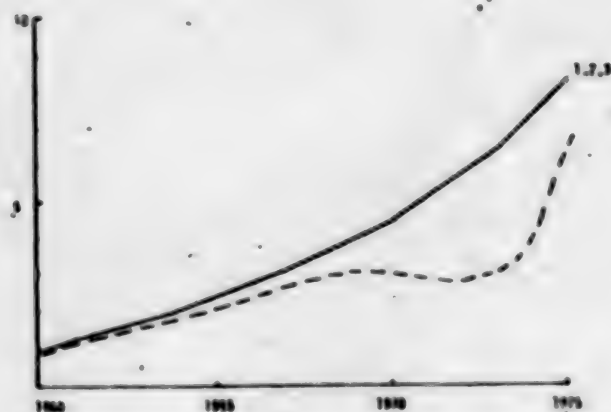


Key:

1. Million tons/year (mineral coal equivalent)

Figure 6. Hydroelectric production

1.2.3 (1)

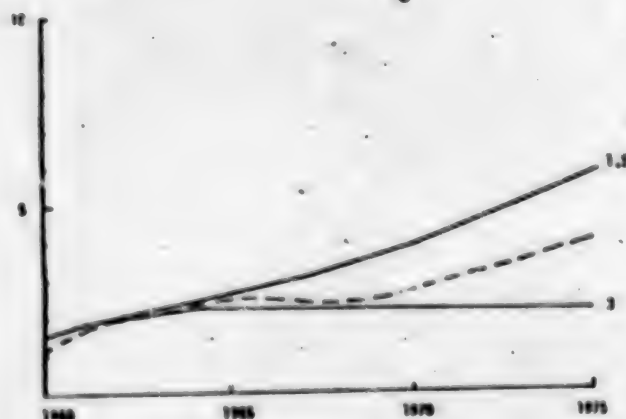


Key:

1. Terawatt hours (billion kilowatt hours)

Figure 7. Electricity production from solid fuel

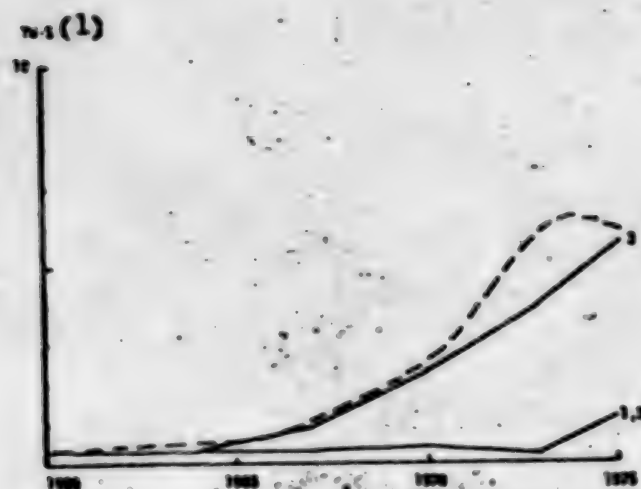
1.2.3 (1)



Key:

1. Terawatt hours (billion kilowatt hours)

Figure 8. Electricity production from liquid fuel



Key:

1. Terawatt hours (billion kilowatt hours)

The comparison of the solutions with each other and with realized values is summarized in the table below.

	Solutions			Solution closest to reality
	1	2	3	
Solid fuel production	"	"	"	3
Crude oil production	"	"	"	2,3
Oil importation	"	"	"	3
Refinery capacity	"	"	"	3
Hydroelectric production	"	"	"	3
Hydroelectricity from solid fuel	"	"	"	3
Electricity from oil	"	"	"	3

As seen in the summary table, solutions 1 and 2 give the same results in all areas except crude oil production and oil importation.

The areas in which solution 3 gives an equivalent result are crude oil production and hydroelectric production.

The primary reason for the differences between the model results and realized values for the years 1970-1974 is the delay in the Keban hydraulic power station. Solution 3 gives results very close to the realized values in all areas except electricity produced by solid fuel [sic].

Conclusion

A general evaluation of the model solutions reveals some important implications. Primary among them is the effect on energy planning of prior estimation of oil prices. In fact, it would have been very difficult 10 or 15 years ago to predict a price jump in 1973. Especially if we accept this as a "monopoly price," the difficulty in making this sort of prediction is even clearer. To oppose this thesis, it is also a fact that a general increase was inevitable. Since it is also a fact that other liquid fuels which could substitute for petroleum, a finite resource, require advanced and expensive technology, it might have been predicted that the price of oil would increase even to the point that it has today. Moreover, since so few nations provide virtually all of world oil exports, much more weight could have been given to the possibility of a "cartel."

What must be stressed here, however, is certainly not the failure to carry out an energy policy according to the hypothesis that oil prices would go up. What seems more important is the failure, once aware of this possibility, to conduct an analysis of the "cost of incorrect estimates." In such an analysis, it is necessary to compare losses as a result of over-estimation of oil prices with losses that would result from under-estimation. It is well to point out one fact compelling this analysis, though no numerical values are given: Converting coal-using facilities to oil is cheap and easy, whereas a reverse substitution is expensive and, in some cases, impossible.

One conclusion which may be drawn has to do with the predictably rising nature of price changes. The close relationship between scenario solutions 1 and 2 have little effect on the proposed energy policy.

Another important conclusion which may be drawn from the solutions and their comparison with realized values is the clarity that model exercises can bring to the energy policy. In any case, though the most advanced methods do not make it possible to predict the future, exercises of this sort do make it possible for us to plan in advance the strategies to be followed vis-a-vis probable developments and to examine the behavior of the system under variable conditions.

However, this much also is certain: Planning based on the hypothesis that prices will retain a specific structure has come rather close to the optimal solution results.

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CSO: 4907

EDUCATION, INCOME DISTRIBUTION EXAMINED

Istanbul BULGU in Turkish Mar 79 pp 32-35

[Article by Mehmet Odekon, Bogazi University, Economics Department instructor. Taken from his doctoral thesis: "The Impact of Education on the Size Distribution of Earnings"]

[Text] Economic development is described briefly as self-perpetuating growth in national per capita income. This definition assumes that the other aims of development, increasing the income levels of the low-income groups in society for example, are a subject to be taken up separately and that the proportional relationship between development and progress and equality of income distribution is low. This view notwithstanding, research conducted in recent years shows that income distribution is gradually breaking down in developing nations and between the various regions and socio-economic groups within developing nations.

This contradiction between theoretical results and numerical findings has led, especially in recent years, to the formation of various groups among economists.

The various views advanced on the subject may be divided into two major groups. According to the first group, inequality in income distribution increases as development proceeds, and, to ensure equality, development must be slowed down. In short, this view stresses the existence of some give-and-take between the two economic ends in question. According to adherents of the other group, development must be given priority over the income distribution problem, which should be attacked only after a specific level of accumulation has been attained. According to this approach, equality in income distribution will occur automatically over time. The smaller the succession trend between capital and labor, the more deepening capital will raise labor's share and income disequilibrium will decline. Although the neoclassic theory is behind this second approach, the first approach lacks such a theoretical basis. In other words, adherents of the first view say that the inverse relationship between development and equality in income distribution in developing countries and the fact that the inequality increases

with time do not rest on any developed theory but have come about because of disharmony between the development strategies applied in a country and the structural characteristics of the country. Of course, one is not to conclude from what we have written that no efforts have been made to develop such a theory. One such effort was made by the World Bank Development Research Center and the development institute of Sussex University. The major hypothesis of the effort was that the income of low-income groups in society depends on the extent to which non-objective advantages may be obtained. Thus, the distribution of advantages determines income distribution. Rearrangement of the advantage distribution directly rearranges income distribution.

According to our view -- and this is the view of the human-capital optimists -- education raises peoples' productivity and contributes to the equalization of income distribution. In this paper, the thesis is adopted that subjective advantage distribution is a determining factor of income distribution, and the degree to which education is an effective input in resolving the income distribution problem is examined.

Our research is based on data from field work conducted by the Hacettepe University Population Studies Institute in 1968 and is composed of three sections. The first section is a general overview of the income distribution situation in Turkey. The second section utilizes the human-capital model to examine the degree to which education impacts on this distribution pattern. The third section determines the changes made in the income distribution pattern by giving the people various levels of education.

To reveal the income distribution pattern in Turkey, we divided the total working population into five 20-percent brackets and determined the percentage of each bracket's share in the total income generated. According to our findings, 60 percent of the total working population may receive 85 percent of the total income generated in the country, while 40 percent of the working population may receive only 15 percent of generated income. Examining each bracket in more detail gives a clearer picture of the disequilibrium in distribution. For example, the highest 20-percent bracket earns 68 percent of the total income, and the lowest 20-percent bracket gets 2 percent.

The data source which we used makes it possible for us to divide the population into further defined groups also and to examine distribution separately within these groups. The occupational group in which distribution varies most is found to be the farmers. Of the farmers among the occupational groups, 40 percent receive 76 percent of the total farming income generated, and the other 60 percent receive 24 percent of the income. In the high-level civil servants group, where income distribution is most equalized, 50 percent of the income distribution goes to the two highest brackets and 32 percent to the two lowest brackets. In dividing the population according to age groups, we see that income is less evenly distributed

among those 47 and older than in the other age groups. In this group, 46 percent are in the highest bracket and 4 percent are in the lowest bracket. In the 30 and below age group, where the spread is most even, 31 percent fall in the highest bracket and 9 percent in the lowest bracket. When we divide the population into groups according to paternal occupation, 70 percent of the income of those whose fathers are farmers is in the two highest income brackets, and 30 percent of the income is received by the other three income brackets. Among those whose fathers are skilled laborers, meanwhile, we see that income distribution is relatively even. As opposed to 29 percent in the highest income bracket, 15 percent are in the lowest bracket.

Finally, in our divisions according to geographical regions, we obtained these results: The region in which distribution is relatively even is Central Anatolia. Of the income generated, 70 percent goes to 40 percent of the population, and 30 percent goes to 60 percent of the population. In the Aegean and Marmara region where distribution is most irregular, 67 percent of the income goes to 40 percent of the population, and the 33 percent remaining income goes to 60 percent of the population. We have summarized our findings in the following table.

Table I

INCOME DISTRIBUTION BY SOCIOECONOMIC GROUPS IN TURKEY

Socioeconomic Groups	Income Brackets				
	1	2	3	4	5
Total Population	68	17	9	4	2
Farmers	55	21	12	7	5
High-level civil servants	30	20	18	16	16
Age 47 and over	46	25	13	12	4
Age 30 and below	31	25	19	10	9
Paternal farmers	46	24	13	12	5
Paternal skilled laborers	29	21	19	16	15
Residents of Central Anatolia	47	23	17	10	3
Residents of Aegean and Marmara region	45	22	15	12	6

In the second section of our work, we tried to determine the impact of education on income by examining the degree to which the differentiation we observed above in personal income is quantified by education.

Looking at the total population, we see that education explains 33 percent of income differentiation. In other words, among the reasons for personal income differentiation, 33 percent of them have to do with education and the remaining 67 percent with other elements. An additional year of education is found to raise personal income by 23 percent. Although this 23 percent increment is high according to studies made in developed countries, it is consistent with data obtained for developing countries.

Within the farming occupational group, education may explain only 5 percent of the income distribution pattern. And the impact of education on income drops to 1 percent. In the high-level civil servants group, our model explains 26 percent of income differentiation and the impact of education comes out to be 12 percent.

According to our findings by age group, among those 47 and older, 30 percent of income differentiation is explained by education, and the impact of an additional year of education is 29 percent. In the age 30 and below group, the impact of education falls to 25.4 percent and the explanatory power of the model falls to 24 percent. The reason for the educational impact when we start at the lower age groups and go to the higher age groups may be attributed to deterioration of the quality of education within time.

For farmers from the paternal occupation groups, it is determined that one year's additional education will ensure a 21 percent increase in the incomes of those whose fathers are farmers and that education explains 18 percent of the income differentiation among persons in this group. Among those whose fathers are skilled laborers, the explanatory power of the model rises to 63 percent, but the impact of education drops to 7 percent. Moreover, we see that the average educational levels and average incomes of persons whose fathers have a high-status occupation within these groups are high. In other words, paternal occupation appears to be a compelling force in childrens' success.

From the geographical regions, the impact of education on income differentiation in Central Anatolia is determined as 20 percent and in the Aegean and Marmara region as 24 percent. In the first region, education explains 30 percent of the distribution and, in the second region, 42 percent.

The ability of the education variable to explain in a rather forceful way the distribution patterns which we obtained in the first section of our work directed us, of necessity, to the work of the third section. In short, it led us to examine the power of education to influence income distribution.

In this portion of our work, we examined the changes that could be brought about in the income distribution pattern by giving people various levels of education. The basic hypothesis which we used here is that the marginal productivity of skilled labor is high and that the more the supply of this sort of labor increases, the less the chance of a drop in productivity.

We began the research into the regulatory aspect of education vis-a-vis income distribution by assigning at least a primary school education to the total population. The change produced in the distribution pattern caused inequality to drop to less than half. Thus, while the share in total income of 40 percent of the total population dropped to 57 percent, the share of the last three income brackets rose to 43 percent. More important, the share of the lowest income bracket, by rising from 2 percent to 12 percent, revealed that the degree of influence of primary education on the poor groups in the nation is strong.

The second thesis we tested was that shortening the rather long holidays in the course of education in our country would have a positive impact on personal income and income distribution. In fact, according to our findings, shortening the total holidays within a school year to 3 months at all levels of education raises the share of the fourth income bracket to 15 percent, while the share of the highest income bracket drops.

The final issue we would raise here is to determine the extent to which 3 years' additional education beyond primary school for persons in the rural sector would increase the income of this sector. We applied this 3 years' additional education to settlement units with less than 2,000 population in the Marmara and Aegean region. This geographical region was selected because it emerged in the first section of our work as the area where equality in regional distribution was least. According to the result we obtained, the total income share of the highest income bracket falls to 38 percent and the share of the second highest bracket to 21 percent, while the total share of the other three brackets increases to 41 percent. The findings related to this section of the work are presented in Table II.

Table II

INFLUENCE OF EDUCATION ON PATTERN OF INCOME DISTRIBUTION IN TURKEY

Theses Tested	Income Brackets				
	1	2	3	4	5
On total population:					
At least primary school	40	17	16	15	12
Reduction of holidays	37	21	17	15	10
On rural population:					
8 years' education	38	21	16	14	11

In summarizing the findings, we may say that education may be used as a means of regulating the income distribution pattern. We find it beneficial to stress once more that the expansion and application of primary school must be taken up with a necessary priority.

8349

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INCREASE NOTED IN EXPORTS

Istanbul TERCUMAN in Turkish 31 May 79 p 6

[Text] Ankara (Ankara News Agency): The exports achieved by the industrial sector during the period January to April reached 292,398,000 dollars. In comparison with the 160,583,000 dollars of exports attained in this sector during the first four months of 1978, an increase of approximately 82 percent has been achieved this year.

As a result of this increase in the exports of the industrial sector, this sector's share of total exports increased as well. The exports of the industrial sector, which constituted 24 percent of total exports during the period January-April 1978, accounted for 35 percent of total exports during the same period of 1979.

The increase in question was primarily brought about by an increase in the export of products of the cement, textile, and glass-ceramics industries.

Data concerning exports during the period January-April 1979 show that, despite an increase of 11 percent in the agricultural and stock-raising sector over the same period of 1978, this sector's share in total exports fell.

As for the exports of the mining and stone-quarrying sector, the exports of 32,769,000 dollars during the first four months of 1978 increased to a figure of 37,217,000 dollars during the same period of this year, an increase on the order of 15 percent.

9173

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RUSSIANS SAID EYEING WOLFRAM

Istanbul MILLI GAZETE in Turkish 31 May 79 p 8

[Text] Erzurum: It has been claimed that the Russians covet the wolfram ore found in Bursa, which they would use as a weapon against the developed countries.

A university lecturer who has come as a visitor to Erzurum and who does not want his name to be revealed has maintained that the Russians' primary goal in signing the petroleum exploration agreement with Turkey is the wolfram ore. He said "who helps someone else without looking out for his own interests? In order to get their hands on the wolfram ore, the Russians are going to look for petroleum together with us. Later, they'll say 'If you can't exploit these [ores], then let us do it' and they'll try to get them from us."

In his statement to a THA [Turkish News Agency] correspondent, the lecturer in geology, who came to Erzurum as a visitor, claimed that the wolfram ore is very important, that the Russians want to get their hands on this metal, and that in fact they desire it desperately. He added that relations between Turkey and the other nations of the world would take a turn for the worse in the event that the wolfram ore were given to the Russians.

9173
CSO: 4907

PUBLIC, PRIVATE SECTOR COOPERATION IN WAR INDUSTRY URGED

Istanbul CUMHURİYET in Turkish 10 Jun 79 p 6

[Text] Industrialist Vehbi Koc, reporting that he is greatly interested in the defense industry, has maintained the necessity of cooperation between the public and private sectors in this field.

In a statement made through Koc Holding Company's Public Relations Division, Vehbi Koc spoke in summary as follows:

"It is possible to supply the needs of our Armed Forces by developing the defense industry field. There was a war industry in Turkey during the period of the Ottoman Empire. It sprouted successfully during our War of Independence and showed a significant level of development during the first quarter-century of our Republic.

"Domestic production of a large portion of the weapons, equipment, vehicles, and other materials required by our Turkish Armed Forces — the primary guarantee of our national existence and security — is of the utmost importance, both from the standpoint of the savings in foreign exchange and from that of obtaining the desired material at the desired time."

Mentioning that the industry in our country is composed of three groups — the Armed Forces, the public sector, and the private sector — Koc said that "In my opinion, our National War Industries would best be utilized if the expertise and financial and quality resources of these three industrial groups were taken note of and then integrated into a program." He continued as follows:

"Above all else, the determination or formation of an authority which is totally devoted to its task is essential.

"Following this, the matters to be dealt with are as follows:

"1) An inventory must be taken of the industries of these three above-mentioned groups — which keep the Turkish economy on its feet — and it must be determined just what is produced in which factories.

"2) After this inventory has been presented for consideration, it must be determined in which factories the requirements of our Armed Forces can be produced, the factors of cost, quality, and expertise being given proper consideration.

"3) On the basis of the deficiencies which become evident and on that of future requirements, it must be planned what sort of development will be carried out in each of the three sectors of industry.

"4) It must be determined from which foreign sources those weapons, equipment, and materiel will be obtained which cannot be effectively produced in Turkey.

"In this branch of industry, cost considerations are extremely important. The true cost of a vehicle, or a piece of equipment, must be found. If, while a vehicle is being made, only the costs of materials and labor for that vehicle are considered and the other expenditures are charged to other accounts, this is not the true cost."

Vehbi Koc, indicating that a large portion of the defense industries in Europe and America are in private hands, said that "When the army needs something, these factories belonging to the private sector are at the service of the state and the army. In Turkey, also, a great deal is being done, and a great deal more could be done. However, the state is completely unaware of what the private sector makes, while the private sector is unaware of what the state has. If a true defense industry is to be established in Turkey, then we'll have to establish authority, carry out an inventory, plan and establish a proper program, and bring about cooperation between the private sector and the state sector."

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CSO: 4907

SOME INDUSTRIES REPORTEDLY SHIFT TOWARDS WAR INDUSTRY

Istanbul CUMHURİYET in Turkish 10 Jun 79 p 6

[Text] It has been reported that production of durable consumer goods has shown a 60-percent decrease, and that the planned targets in this branch of industry are not being met.

Industrialists, maintaining that the impossibility of obtaining sufficient raw materials supplies has caused the decrease in production, have reported that, while the production of 775,000 refrigerators in 1978 had been planned, the number actually produced did not exceed 530,000, and that only 170,000 of the projected 273,000 washing machines to be produced in 1978 were actually manufactured. According to the industrialists, while 775,000 television sets were to have been produced, it was possible to produce only 660,000 of this number. Industrialists have attributed the decreased production to their inability to obtain both the necessary raw materials and the requested prices in line with the general rise in prices. They have asserted that, in spite of having requested a 35-percent price increase in December of 1978, they were able to obtain only a 15-percent rise in March, 1979, and that, in order to be able to cope with the 20-percent price increase in the requisite materials which has taken place in the meantime, they have made yet another request. In the event that the new price requests are granted, televisions with 61-centimeter screens, which currently sell for 14,800 lira, will begin to sell for 20,000 lira; automatic washing machines now selling for 12,000 to 14,000 lira will begin to sell for 17,000 to 18,000 lira; electric sweepers now priced at 4,500 lira will begin to sell at 6,000 to 7,000 lira; and refrigerators, which now sell for 14,000 to 18,000 lira, according to volume, will begin to sell for 18,000 to 22,000 lira. Meanwhile, in addition to the price increases, the implementation of new and — according to marketing men — severe restrictions on credit sales could cause a stagnation in sales.

The industrialists adhere to the view that decline in demand on the domestic market has been a factor in the slowing of growth in production and assert that, even though consumers want to buy, the goods are simply not on the market. Economists, however, contrary to this, have stated that the producers of durable consumer goods, especially, plan their investments and production

with demand on the domestic market in mind, and that, because of this, they are obliged to reduce production when the domestic market weakens.

Noting that the decrease in question in both supply and demand for durable consumer goods is observed in other sectors as well, economists stress that this situation leads industrialists to seek new profit potentials in new areas. According to economists, some industrialists, reluctant to attempt to increase exports by entering foreign markets and thereby competing with foreign concerns, have begun to seek means of reorienting their present industrial capacity towards heavy industry and the defense industry. It is furthermore reported that industrialists have been engaged in such efforts since late 1978.

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